

# **Global Resource Masters Fund Limited**

## **Audit & Risk Committee Charter**

### **1. Audit & Risk Committee Functions**

The primary function of the Audit & Risk Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the following areas:

- (a) application of accounting policies to the Company's financial reports and statements;
- (b) monitoring the integrity of the financial information provided to shareholders, regulators and the general public;
- (c) corporate conduct and business ethics, including Auditor independence and ongoing compliance with laws and regulations;
- (d) maintenance of an effective and efficient audit;
- (e) appointment, compensation and oversight of the external Auditor, and ensuring that the external Auditor meets the required standards for Auditor independence; and
- (f) regularly monitoring and reviewing corporate governance policies and codes of conduct.

The Audit & Risk Committee members have direct access to the Company's external Auditors and have the authority to seek any information they require to carry out their duties from any officer or employee of the Company. Notwithstanding this, all directors of the Company may liaise with the external Auditor.

The Audit & Risk Committee will also oversee market risk management protocols, ensuring that the Investment Manager and Investment Committee apply the following fund allocation restrictions when the portfolio of the Company is fully invested:

- (a) The Company will only invest in underlying funds that can provide a monthly performance and net asset valuation report within sufficient time to enable the Company to comply with its reporting obligations under the ASX Listing Rules.
- (b) After establishment, no more than 25% of the gross value of the portfolio of the Company will be invested in any single underlying fund or underlying funds operated by the same fund management group.
- (c) Not more than 20% of the gross value of the portfolio of the Company will be invested in underlying funds where the notice period for withdrawal of invested capital is greater than 30 days notice period (subject to the ability of the relevant fund manager to suspend redemptions in extraordinary circumstances).
- (d) The Company will not use currency hedging.

All investment decisions made by the Investment Manager and the Investment Committee are subject to review by the Audit & Risk Committee.

The Investment Manager is required to act in accordance with the Board approved investment mandate and to report to the Board regularly that they have invested the Company's assets in accordance with the approved mandate.

In assessing the Company's risk tolerance level the Board will consider any instance which materially affects the Company's monthly net tangible asset backing announcement released to the ASX.

## **2. Audit & Risk Committee Composition**

The Audit & Risk Committee is comprised of 3 non-executive Directors, two of whom will be independent Directors.

The Company's Audit & Risk Committee currently comprises Alex MacLachlan, Nirav Desai and Jeffrey Whalan.

The Chairman of the Audit & Risk Committee is an independent Director selected by the Board. Jeffrey Whalan is the current Chairman of the Audit & Risk Committee.

## **3. Meetings and Attendance**

The Audit & Risk Committee meets a minimum of two times per annum. Attendees are invited at the request of the committee members. The Company may have in attendance at meetings any members of outsourced service providers as may be necessary.

Proceedings of all meetings are minuted and signed by the Chairman of the Audit & Risk Committee. Copies of the minutes will be provided to each member of the Board.

## **4. Independence of Auditors**

The Audit & Risk Committee:

- (a) closely monitors the independence of its Auditors;
- (b) regularly reviews the independent safeguards put in place by its Auditors;
- (c) restricts the type of non-audit services which can be provided by its Auditors so as not to compromise the Auditors' independence;
- (d) undertakes a six-monthly review of non-audit fees paid to its Auditors; and
- (e) requires the rotation of the audit partner every 5 years and imposes restrictions on the employment of ex-employees of its Auditors.

## **5. Financial Reporting**

The Audit & Risk Committee:

- (a) reviews half yearly and yearly financial reports and statements with the external Auditor;
- (b) reviews with the external Auditor, the results of the external audit and any significant issues identified;
- (c) reviews any accounting policy changes with the external Auditor;
- (d) makes recommendations to the Board on significant accounting and financial policy; and
- (e) where relevant reviews the financial reports of subsidiaries of the Company.

## **6. Regulatory Compliance and Ethical Matters**

The Audit & Risk Committee:

- (a) oversees the Company's compliance with significant statutory requirements; and

- (b) considers the findings of any examinations by regulatory bodies.

## **7. Access**

The Audit & Risk Committee:

- (a) has unrestricted access to all records and staff (if any) of the Company and the external Auditors;
- (b) is authorised by the Board to obtain outside legal and other independent professional advice as necessary;
- (c) submits two summary reports to the Board each year. A report is submitted to the respective board meeting that approve the half yearly financial statements and the full year financial statements; and
- (d) provides a summary of its activities (verbal or in writing) at the next Board meeting following each meeting.

## **8. Review of Charter**

- (a) The Audit & Risk Committee is reviewed annually by the Committee to ensure that it remains consistent with the Committee's authority, objectives and responsibilities.
- (b) All amendments to the charter are discussed and approved by the Board.