



CENTAMIN EGYPT LIMITED

# AUDIT COMMITTEE CHARTER

**AUSTRALIA**

57 Kishorn Road, Mt Pleasant, Western Australia 6153  
**Telephone** 618 9316 2640 **Facsimile** 618 9316 2650

**Email** [centamin@centamin.com.au](mailto:centamin@centamin.com.au)

**Website** [www.centamin.com.au](http://www.centamin.com.au) ABN 86 007 700 352

**EGYPT**

361 El-Horreya Road, Sedi Gaber, Alexandria, Egypt  
**Telephone** 203 541 1259 **Facsimile** 203 522 6350

## 1 PURPOSE OF THE CHARTER

- 1.1 The Audit Committee Charter sets out its mandate and responsibilities, and must not be inconsistent with the listing rules and regulatory framework within which Centamin Egypt Limited ("Centamin" or "the Company") and its controlled entities operate.
- 1.2 The Audit Committee Charter is reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- 1.3 Ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board.

## 2 DEFINITION AND OBJECTIVE OF THE CENTAMIN AUDIT COMMITTEE

- 2.1 The Audit committee ("the Committee") is a sub-committee of the Centamin Egypt Limited Board of Directors ("the Board") whose primary function is to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, by reviewing significant financial reporting judgments contained in them. The Committee assists the Board in discharging its responsibility to exercise due care, diligence and skill in the areas of:
  - ❖ Application of accounting policy and reporting of financial information to shareholders, regulators and the general public;
  - ❖ Business risk management and internal control systems, including business policies and practices; and
  - ❖ Corporate conduct and business ethics, including Auditor Independence and ongoing compliance with laws and regulations.
- 2.2 Membership of the Audit Committee will be disclosed in the Annual Report.

## 3 MEMBERSHIP AND TERM

- 3.1 The members of the Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not fewer than three members, a majority of whom must be independent Directors as per the definition of independence contained within the Company's Directors' Test of Independence Policy.
- 3.2 Committee members are required to be financially literate as per the definition of financial literacy contained in section 1.5 of Multilateral Instrument 52-110. For the purposes of that instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- 3.3 The term of appointment as a member is for a period determined by the Board, with Committee members generally being eligible for re-appointment for so long as they remain independent Directors of the Board. The effect of ceasing to be a Director of the Board is the automatic termination of appointment as a member of the Committee.

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## 4 CHAIRMAN

- 4.3 The Chairman of the Committee is selected by the Board.
- 4.4 Should the Chairman be absent from a meeting and no Acting Chairman has been appointed, the members of the Committee present at the meeting have authority to choose one of their number to be Chairman for that particular meeting.

## 5 MEETINGS

### Meetings Other than in Person

- 5.1 The Committee may conduct meetings without all Committee members being involved in the meeting in the physical presence of one another provided that all Committee members involved in the meeting are able to participate in discussion.

### Frequency of Meetings

- 5.2 As a minimum, the Committee meets five times per annum. Scheduled meetings are broadly structured. The table below provides a guide to the timing for each meeting. In addition to the agenda items indicated in the table, any other relevant external Auditor reports or significant correspondence that may arise between meetings is considered at the next scheduled meeting.

Meeting	Timing
Meeting 1	A date that coincides with the completion of 1 <sup>st</sup> Quarter Report of activities and earnings
Meeting 2	A date that coincides with the completion of 2 <sup>nd</sup> Quarter Report of activities and earnings
Meeting 3	A date that coincides with the completion of 3 <sup>rd</sup> Quarter Report of activities and earnings
Meeting 4	A date that coincides with the completion of 4 <sup>th</sup> Quarter Report of activities and earnings
Meeting 5	A date that coincides with the full year audit commencement date

- 5.3 In addition, the Chairman will call a meeting of the Committee if so requested by any member of the Committee, by the external Auditors or by the Chairman of the Board.

## 6 ATTENDANCE AT MEETINGS AND QUORUM

- 6.1 Other Directors have a right of attendance at meetings. However, no Board Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.

Notwithstanding the above, if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Board Director, the Committee may invite that Board Director to address the Committee. The Committee shall give fair consideration to that address. The Board Director will not, however, be invited to take part in the deliberations following that address.

- 6.2 The Managing Director/Chief Executive Officer and Chief Financial Officer may be invited to attend each meeting of the Committee. Other Company executives and/or parties external to the Company may be invited to attend any meeting of the Committee.

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- 6.3 The external Audit engagement partner/client manager may be invited to attend any meeting of the Audit Committee.
- 6.4 The quorum for a meeting is two or more members or any greater number determined by the Committee from time to time.

## 7 SECRETARY

- 7.1 The Company Secretary or other appropriate executive acts as Secretary of the Committee.

## 8 SCOPE, ACCESS & AUTHORITY

- 8.1 The activities of the Committee are in relation to the Centamin group of companies.
- 8.2 The Committee has direct access to the Company's external Auditors and has the authority to seek any information it requires to carry out its duties from any officer or employee of any entity of the Company and such officers or employees shall be instructed by the Board of the entity employing them to cooperate fully in the provision of such information.
- 8.3 The Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

## 9 REPORTING

- 9.1 Proceedings of all meetings are minuted and signed by the Committee Chairman.
- 9.2 The Committee, through its Chairman, reports to the Board at the earliest possible Board Meeting after each Committee meeting. Minutes of all Committee meetings are circulated to Board Directors. The report should include but not limited to:
- ❖ The minutes of the Committee and any formal resolutions;
  - ❖ Information about the Audit process including the results of internal and external Audits;
  - ❖ Any determination by the Audit Committee relating to the independence of the external Auditor;
  - ❖ Any other matters that in the opinion of the Audit Committee should be brought to the attention of the Board, and any recommendations requiring Board approval and/or action; and
  - ❖ At least annually, a review of the formal written charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the charter.
- 9.3 The Company's Auditors must report directly to the Audit Committee.
- 9.4 In addition, the Chairman of the Committee is encouraged to submit an Annual Report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the Committee's activities during the year. The report (and where appropriate any interim report) must include:
- ❖ A summary of the Audit Committee's main authority, responsibilities and duties;
  - ❖ Biographical details of Audit Committee members, including expertise, appointment, dates and terms of appointment;

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- ❖ Member and related party dealings with the Company;
- ❖ Details of meetings, including the number of meetings held during the relevant period, and the number of meetings attended by each member;
- ❖ Details of any change to the independent status of each member during the relevant period, if applicable; and
- ❖ Details of any determination by the Audit Committee regarding the external Auditor's independence.

## 10 DUTIES

- 10.1 The duties and responsibilities of a member of the Committee are in addition to those duties set out for a Director of the Board.
- 10.2 This section outlines the specific duties the Committee is expected to undertake in meeting its principal purpose. These duties are grouped below under five headings – Financial & External Reporting, Risk Management & Internal Control Structure, Audit Activities, Audit Scope & Audit Independence, Corporate Governance & Integrity plus Other Matters. Under each of these headings, the primary duty (where applicable) has been noted first followed by an indicative list of tasks that the Committee may consider undertaking in order to satisfy the primary duty.
- 10.3 The terms of reference of the Committee, including its role and the authority delegated to it by the Board, will be made available. A separate section of the Annual Report will describe the work of the committee in discharging those responsibilities.

### Financial & External Reporting

#### *Primary Duty*

The Committee is expected to review all audited Centamin Egypt Limited group companies financial statements intended for publication prior to recommending their approval by the Board. This includes quarterly reports, if audited quarterly accounting is adopted by the Board.

In respect of unaudited quarterly reports or reports to regulators, the Chairman will review these on the Committees behalf.

The audit review process includes determining that management and the external Auditors are satisfied with the contents of the financial statements and the adequacy of disclosure therein.

#### *Indicative Task List*

Tasks the Committee may undertake in meeting this responsibility include:

- ❖ Review the appropriateness of the Company's accounting policies and principles;
- ❖ Review the processes used by management that monitor and ensure compliance with laws, regulations and other requirements relating to external reporting by the Company of financial and non-financial information. These include, but are not limited to:
  - Relevant Accounting Standards;
  - Corporations Act;
  - Listing Rules of the Company, including but not limited to:
    - The existence of an appropriate procedure for meeting the Company's continuous disclosure obligations; and
    - Reviewing for completeness and accuracy the disclosure of the Company's main corporate governance practices; and where applicable, requirements of other countries;

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- ❖ Reviewing any significant changes in accounting policies or principles or any changes in the application of those policies or principles compared with prior years, including considering the reasons for the changes and the external Auditors' views of the changes, and if thought appropriate, recommending that such changes be submitted to the Board for approval;
- ❖ Enquiring into any significant difference of opinion between management and the external Auditors concerning disclosures in the financial statements and how the matter was resolved, considering any material adjustments arising from the external or internal Audits and reviewing cases where management has sought advice on specific accounting matters from any other external advisers, and reporting those matters to the Board.
- ❖ Comparing operating results with prior years and budgets, and obtaining explanations for significant variances;
- ❖ Examining significant accounting accruals, provisions and estimates that may have a material impact or effect on the financial statements;
- ❖ Assessing the adequacy of procedures in place for the review of the Company's public disclosure of financial information;
- ❖ Determining that disclosures in the financial statements are appropriate and comply with all relevant legislation and accounting pronouncements by obtaining assurance regarding the major aspects of such disclosure and comparing disclosures made in the draft financial statements with those representations for reasonableness and accuracy;
- ❖ Enquiring into current developments likely to affect the financial statements or financial reporting by reviewing new or pending accounting and legislative pronouncements, disclosure requirements and taxation matters and proposed changes to the formats of financial statements, as they affect both current and future years; and
- ❖ Reviewing current and pending litigation which management or legal counsel believes is likely to have a material effect on the financial statements.

## Risk Management & Internal Control Structure

### *Primary Duty*

Although ultimate responsibility for risk oversight and risk management rests with the full Board, the responsibility of the Committee in the area of risk management and internal control is to monitor the risk management and internal control structure implemented by management and advise on significant changes to that structure so as to obtain reasonable assurance that the Company's assets are safeguarded and that reliable financial records are maintained.

### *Indicative Task List*

Tasks the Committee may perform under this heading include:

- ❖ Reviewing management's processes and results in identifying, assessing and monitoring risks associated with the Company's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risks;
- ❖ Considering and assessing the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of the external Auditors' reports to management on internal controls (including information technology controls), and action taken or proposed resulting from those reports;
- ❖ Any other business risks that are not dealt with by a specific Board Committee; and
- ❖ Once a year report to the Board a summary of the major operational risks facing the Company.
- ❖ Establishing procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters.
- ❖ Establishing procedures for the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

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## Audit Activities, Audit Coverage & Auditor Independence

### *Primary Duty*

The key responsibility of the Committee in relation to the activities of external Audit are to ensure that the Audit approach covers all financial statement areas where there is a risk of material misstatement and that Audit activities are carried out throughout the Company in the most effective, efficient and comprehensive manner with due regard to the differing roles of external Audit.

The Committee has the responsibility to ensure that the external Auditor meets the required standards for Auditor Independence. In carrying out its responsibilities for monitoring Auditor Independence the Committee will be cognisant of the following;

- ❖ On the occasion that the External Audit Services are to be tendered, responsibility for nominating the external Auditor (to be proposed for shareholder approval) and for evaluating the external Auditor will lie with the Audit Committee. In this instance the Committee would:
  - Review any prospect of Auditor replacement and/or tender suggested by management;
  - before any decision is made, report the results of its investigation to the Board of Directors and make recommendations; and
  - where the decision for replacement or a new tender is made, all work would then be conducted by the Committee;
- ❖ The Committee should have primary responsibility for making a recommendation on the appointment, re-appointment and removal of the external auditors, as well as reviewing the compensation arrangements and setting the procedures for the selection and appointment of the external Auditor. If the Board does not accept the Committee's recommendation, it should include in the Annual Report, and in any papers recommending appointment or re-appointment, a statement from the Committee explaining the recommendation and reasons why the Board has taken a different position.
- ❖ The external Auditor reports to the Audit Committee but is responsible to the Board of Directors, as representatives of the shareholders;
- ❖ It is mandatory that the Audit Partner responsible for the Audit be rotated at least every five years. At least two years must expire before the Audit Partner can again be involved in the Audit of the Group;
- ❖ The Committee must monitor the number of former employees of the external Auditor who were involved in auditing the Company, currently employed in senior financial positions in the Company, and assess whether this impairs or appears to impair the Auditor's judgment or independence in respect of the Company;
- ❖ Consider whether taken as a whole, the various relationships between the Company and the external Auditor impairs or appears to impair the Auditor's judgment or independence in respect of the Company;
- ❖ Review the economic importance of the Company (in terms of fees paid to the external Auditor for the Audit as well as fees paid to the external Auditor for the provision of non-Audit services) to the external Auditor and assess whether the economic importance of the Company to the external auditor impairs or appears to impair the external Auditor's judgment or independence in respect of the Company; and
- ❖ Any proposal to grant the external Auditor consulting work to the value of \$50,000 or more (other than audit-related work and work relating to taxation services) will be referred to the Chairman of the Audit Committee by management prior to granting the work.
- ❖ Monitor and review the effectiveness of the internal audit activities. Where there is no internal audit function, the Committee will consider annually whether there is a need for an internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the Annual Report.

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### *Indicative Task List*

As a practical matter, some specific tasks the Committee will focus on in meeting its responsibilities for Audit Activities, Audit Coverage & Auditor Independence include:

- ❖ Ensuring that the external Auditor provides an annual declaration for the half year and full year accounts (addressed to the Board of Directors) that provides;
  - an account of all relationships between the external Auditor and the Company
  - confirmation that the Auditor has maintained its independence in accordance with:
    - The Corporations Act,
    - The rules of the professional accounting bodies and
    - The auspices of this Charter
  - Confirmation by the Auditor that it is, in its professional judgment, independent of the Company;
- ❖ In addition, the Audit Committee may hold discussions with the external Auditor in relation to these disclosed relationships, and their potential impact on Auditor independence;
- ❖ Ensuring that the Annual Report for the financial year;
  - Provides disclosure of the dollar amount of all non-Audit services provided by the external Audit firm to the Company, divided by category of service;
  - Discloses whether the Committee has considered whether the provision of non-Audit services is compatible with maintaining the Auditor's independence;
- ❖ Ensuring that the External Auditor or a representative of the Auditor attend the AGM at which the Auditor's report is tabled;
- ❖ Periodically reviewing the method by which the external Auditors communicate matters to management and the Board to confirm appropriateness and currency;
- ❖ On an annual basis, reviewing their terms of engagement and recommending to the Board the appointment and remuneration of the external Auditors;
- ❖ Annually reviewing the Audit plan of the external Auditors by considering it in light of the terms of their engagement, areas of special concern to the external Auditors or to the Board, the extent to which changes in internal accounting control have affected the plan and the coordination of planned work;
- ❖ Assessing the performance of the external Auditors by discussion with management, together with the Committee's own perceptions from its interaction with the external Auditors; and
- ❖ Review all representation letters signed by management.

## Corporate Governance and Integrity

### *Primary Duty*

The principal role of the Committee in relation to corporate integrity is to provide assurance that the Company adequately complies with applicable laws and regulations, is conducting its affairs ethically and is maintaining appropriate controls against employee conflict of interest and fraud.

### *Indicative Task List*

Some specific matters the Committee may focus on under this heading include:

- ❖ Considering Company policies concerning compliance with laws, regulations, business ethics and conflicts of interest, including policies in relating to the Company's continuous disclosure obligations and rules governing trading in Centamin Egypt Limited shares by officers and employees;
- ❖ Review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective being to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;

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- ❖ Reviewing any significant recommended changes to the Company's Code of Ethical Conduct and monitoring the procedures in place to ensure compliance with that Code;
- ❖ Reviewing and monitoring related party transactions and assessing their propriety;
- ❖ Enquiring into actual or potential conflicts of interest, including reviewing contracts, arrangements or undertakings that may involve related parties and more generally, monitoring significant transactions to ensure they are at arm's length;
- ❖ Reviewing any investigation of significant misconduct or fraud and significant instances of employee conflict of interest; and
- ❖ Considering the appropriateness and currency of the Company's corporate governance practices, including consideration of the Corporate Governance Statement to be included in the Centamin Egypt Limited Annual Report.

### Other Matters

From time to time, the Committee may need to request, or, if approved by the Board, to direct, a special project or investigation into a serious issue or significant transaction that falls within the ambit of the Committee's overall responsibilities.

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