

Scope and Authority

The Board of Cape Lambert Resources Limited (**Company**) has established an Audit and Risk Committee (**Committee**) in accordance with the Constitution of the Company (**Constitution**).

The proceedings and meetings of the Committee will be governed by the provisions of the Constitution in so far as they are applicable and not inconsistent with this Charter.

The Committee shall have full authority and resources to investigate all matters falling within its Charter. The Committee may, at the Company's expense, obtain any external independent professional advice as it considers necessary.

Composition

The Committee, including Chairman of the Committee, will be appointed by the Board. In appointing the members, the Board will have due regard to ASX Listing Rules and the *Corporations Act 2001 (Cth)*.

The Committee will aim to consist of a minimum of three (3) Non-Executive Directors. It is intended that the Chairman and a majority of the Committee be independent Directors. Committee member independence is determined in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

Committee members shall have the financial management skills which allow them to be effective in their role. At least one Committee member shall have relevant accounting qualifications.

In the temporary absence of the Chair, one of the other Committee members will act as Chair.

The Company Secretary of the Company shall be the Secretary of the Committee.

Meetings

The Committee shall meet as often as is required to undertake its role effectively, however not less than two (2) times a year. All Committee members are expected to attend each meeting in person or via teleconference.

A quorum will comprise two (2) members.

The Chief Financial Officer and external auditor are expected to attend meetings. The Committee may invite any other members of senior management or other individuals to attend meetings, or provide the necessary information, as it considers appropriate.

A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee in advance of the meeting. The notice will include supporting papers for the agenda items to be discussed.

Minutes of proceedings and resolutions of Committee meetings shall be maintained by the Secretary. Minutes will be available for inspection by any Director at all times. Minutes of meetings will be provided to all Committee members and relevant invitees.

Reporting

Committee meeting minutes are to be tabled at the Board meeting following the Committee meeting. The Chairman of the Committee, or delegate, shall ensure the Board is made aware of significant matters.

Role and Responsibilities

Financial Controls and Reporting

- Assess the integrity of financial records and reports;
- Review changes in accounting, legal and reporting issues and interpret their impact on the Company's published financial statements;
- Review financial statements to be released to the ASX to ensure they are complete, consistent and in accordance with the law, regulations and accounting standards; and
- Recommend acceptance of the annual and half yearly financial statements to the Board.

Internal Controls and Compliance Procedures

- Review the effectiveness of internal financial processes and controls implemented by senior management;
- Assess the impact of any adverse external audit findings on internal control systems; and
- Monitor compliance with legal, regulatory, industry requirements and ethical standards set by the Company and governing bodies.

External Audit

- Recommend to the Board the appointment, reappointment and removal of the external auditors and review their qualifications, independence and focus with respect to any services provided; and
- Review the proposed audit scope, plan and approach.

Risk Management

The Committee will ensure senior management has established and operates a risk management system which is designed to identify, assess, monitor and manage risk and other systems of internal control.

Review of Charter

The Committee shall review this Charter as required and discuss any proposed changes with the Board. Approval of the Committee charter is by way of a resolution of the Board.

This Charter was approved by the Board of the Company on 12 August 2016.