

CuDeco Ltd

Audit and Risk Committee

TERMS OF REFERENCE

CuDeco Limited

Audit and Risk Committee: Terms of Reference

The Audit and Risk Committee has been established as a Board committee in order to establish formal and transparent arrangements for considering how the Board should apply the financial reporting and internal control principles and to maintain an appropriate relationship with the company's auditors.

1 **Membership**

- 1.1 The members of the Audit Committee shall be appointed by the Board.
- 1.2 The Audit Committee shall have at least two members. It is preferred that the majority of the members shall be independent non-executive directors that are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. A quorum shall be two members.
- 1.3 The Audit Committee's chairman shall be appointed by the Board.
- 1.4 If a member is unable to act for any reason, the chairman of the Audit Committee may appoint another non-executive director as an additional member provided always that the majority of members of the committee shall be independent as described in paragraph 1.2 above.

2 **Secretary**

The secretary of the Audit Committee shall be the Company Secretary or such other person as the Audit committee may appoint.

3 **Attendance at meetings**

- 3.1 The Audit Committee may invite any person it thinks appropriate to join the members of the Audit Committee at its meetings.
- 3.2 The chief financial officer and a representative of the external auditors shall normally attend meetings of the Audit Committee.
- 3.3 At least once a year the Audit Committee shall meet with the external auditors without the chief financial officer or any other executive director present.

4 **Frequency of meetings**

- 4.1 At least two meetings shall be held each year. These meetings shall be convened by the secretary of the Audit Committee at the request of its chairman.
 - 4.2 Additionally, the chairman of the Audit Committee, the finance director and the external auditors may ask the secretary of the Audit Committee to convene a meeting if he/they consider that such a meeting is necessary or appropriate.
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5 **Authority**

The Audit Committee is authorised by the Board:

- 5.1 to investigate any activity within its terms of reference;
- 5.2 to obtain any information it requires from any employee;
- 5.3 to obtain outside legal or other independent professional advice at the Company's expense; and
- 5.4 to instruct external professional advisers to attend any meeting if it considers this necessary or appropriate at the Company's expense.

6 **Function and duties**

The duties of the Audit and Risk Committee shall be to:

- 6.1 to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them;
- 6.2 to review the company's internal financial controls and, the company's internal control and risk management systems;
- 6.3 to monitor and review the effectiveness of the company's internal audit function and its risk management systems;
- 6.4 to make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- 6.5 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration all relevant professional and regulatory requirements;
- 6.6 to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

7 **Reporting to shareholders**

- 7.1 The chairman of the Audit Committee should attend the Company's annual general meeting for the purpose of handling any questions or enquiries at the meeting about the latest audit and the operation of the risk management systems.
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8 **Minutes**

The secretary of the Audit Committee shall circulate the minutes of each meeting of the Audit Committee to all members of the Board and to the external auditors.

Signed:

Gerry Lambert, Chairman