

Audit and Risk Charter

1.1 Role of the Board

- (a) The board (**Board**) of Argonaut Resources NL (**Argonaut**) is responsible for the oversight of Argonaut's financial reporting, internal control structure, risk management systems and internal and external audit functions. In doing so, the Board has the responsibility to maintain free and open communication with the external auditor and Argonaut's management.
- (b) The Board is empowered to investigate any matter, with full access to all books, records, company operations, and people of Argonaut and the authority to engage independent accounting, legal, compliance, risk management or other professional advisers as it determines necessary to carry out its duties.
- (c) The Board has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

1.2 Meetings

- (a) The Board will meet at least two times annually or as frequently as is required to undertake its audit and risk role effectively.
- (b) The Board may meet in private with Argonaut's Chief Financial Officer (or equivalent) and external auditor.
- (c) Any Board member may, and the company secretary must upon request from any member, convene a meeting regarding the Board's audit and risk duties.
- (d) The Board may invite any executive director, executive, other staff member or external auditor to attend all or part of an audit and risk management meeting. There is an open invitation for all other non-executive directors to attend all audit and risk meetings.
- (e) The proceedings of all audit and risk meetings will be minuted by the company secretary. All minutes are available for inspection by any director.
- (f) A quorum for any audit and risk meeting will be at least two Board members.

1.3 Duties and responsibilities

- (a) The Board's key responsibilities and functions in discharging its audit and risk responsibilities are:
 - (i) to oversee the establishment of and approving Argonaut's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems;
 - (ii) to review at least annually and monitor the effectiveness of Argonaut's risk management framework to satisfy itself that it continues to be

sound and that Argonaut is operating with due regard to the risk appetite set by the Board;

- (iii) to review and approve Argonaut's financial statements and reports;
- (iv) in relation to Argonaut's financial reporting, which, without limitation, includes:
 - (A) reviewing the suitability of Argonaut's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
 - (B) assessing significant estimates and judgements in financial reports;
 - (C) assessing information from the external auditor to ensure the quality of financial reports; and
 - (D) signing the financial and associated non-financial statements based on its assessment of them.
- (v) in relation to the entry into, approval or disclosure of related party transactions (if any);
- (vi) in overseeing Argonaut's financial controls and systems;
- (vii) in reviewing the Companies mineral resources and reserves and have free access to review accuracy and reporting compliance with the Company's outside reserve auditor;
- (viii) to manage audit arrangements and auditor independence, including considering whether an internal audit function is required and, if not, ensuring that Argonaut discloses the processes it employs to evaluate and improve its risk management and internal control processes; and
- (ix) ensuring that any periodic corporate report Argonaut releases to the market that has not been subject to audit or review by an external auditor discloses the process taken to verify the integrity of its content.

1.4 Reporting

- (a) The Board will:
 - (i) prepare regular reports on all matters relevant to its audit and management role and responsibilities;
 - (ii) remain up to date and informed of audit, financial reporting, internal control, risk management, reserves and compliance matters which may significantly impact upon Argonaut;
 - (iii) prepare reports and make recommendations for Argonaut on matters dealt with by the Board during audit and risk meetings; and

- (iv) as and when appropriate, seek direction and guidance from external experts on audit, risk management and compliance matters.
- (b) Minutes of audit and risk meetings will be included in the papers for the next full Board meeting.

1.5 Preparation and presentation of financial statements and reports

The Board will:

- (a) after review with management and the external auditor, authorise that the half year and full year financial statements, and the preliminary financial reports to be lodged with ASX together with all related financial reports and statements;
- (b) review representation letters to be signed by management to ensure that all relevant matters are addressed;
- (c) discuss matters raised by the external auditor as a result of their work;
- (d) assess the impact of changes in accounting standards and review recommendations for adoption of such changes in the financial accounts; and
- (e) ensure that appropriate processes are in place to form the basis upon which the Chief Executive Officer and Chief Financial Officer (or equivalent) execute their certifications under section 295A of the Corporations Act 2001 (Cth) (**Corporations Act**) to the Board at financial year end in relation to the systems of internal controls, and that that system is operating effectively in all material respects in relation to financial reporting risks.

1.6 Financial controls and systems, risk management strategy, policies, procedures and systems

- (a) The Board will oversee the effectiveness of Argonaut's financial controls and systems, oversee the risk management function (as detailed below) and evaluate the structure and adequacy of the group's insurance coverage periodically.
- (b) The risks faced by Argonaut may include regulatory and compliance risk, investment risk, legal risk, economic risk, environmental risk, social risk, occupational health and safety risk, financial risk, reputation risk, operational and execution risk and strategic risk.
- (c) Responsibility for risk management is shared across the organisation. Key responsibilities include the following:
 - (i) The Board is responsible for overseeing the:
 - (A) establishment of and approving Argonaut's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems; and
 - (B) disclosure of any material exposure that Argonaut has to environmental or social risks and how Argonaut intends to manage those risks.

- (ii) Argonaut management is responsible for establishing Argonaut's risk management framework, including identifying major or potentially major risk areas and developing Argonaut's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks;
- (iii) The Board also has responsibility for:
 - (A) identifying major or potentially major risk areas;
 - (B) reviewing and monitoring Argonaut's risk management framework to provide assurance that major business risks (including contemporary and emerging risks) are identified, consistently assessed and appropriately addressed. In addition, the Board should undertake a review of Argonaut's risk management framework with management (at least once annually) to satisfy itself that Argonaut's risk management framework continues to be sound (including whether there have been any changes to material business risks and whether Argonaut is operating within the risk appetite set by the Board). The Board should ensure that it discloses whether such a review has taken place in Argonaut's annual report;
 - (C) considering Argonaut's approach to occupational health and safety, economic, environmental and social risks, including the benchmarks Argonaut uses to measure performance on issues of sustainability and their achievements against those benchmarks;
 - (D) ensuring that risk considerations are incorporated into strategic and business planning;
 - (E) reviewing any material incident involving fraud or a break-down of the risk management framework and identifying "lessons learned";
 - (F) staying up to date with all relevant information required to ensure that key risks are being appropriately managed;
 - (G) reviewing reports from management concerning compliance with key laws, regulations, licences and standards which Argonaut is required to satisfy to operate;
 - (H) overseeing tax compliance and tax risk management; and
 - (I) reviewing any significant findings of any examinations by regulatory agencies.
- (iv) The Chief Executive Officer and Chief Financial Officer (or equivalent) are to provide to the Board declarations in accordance with section 295A of the Corporations Act.

- (v) Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities.
- (vi) Reporting is an important part of the risk management function: it is the responsibility of the Board to ensure Argonaut's adherence to policies and guidelines regarding the management of risks. This includes addressing any instances where Argonaut either has or may need to operate outside the current risk appetite set by the Board or where disclosure to the market might be required.
- (vii) The Chief Executive Officer and Chief Financial Officer (or equivalent) are each responsible for reporting to the Board on:
 - (A) any exposures or breaches of key policies, procedures or systems, or incidence of risks, where significant (including any material incidents reported under Argonaut's Code of Conduct, Anti-Bribery and Corruption Policy and Whistleblower Protection Policy);
 - (B) new and emerging sources of risks (including the risk controls and mitigation measures that has been or is being put in place by management to deal with those risks);
 - (C) any disclosure-related considerations; and
 - (D) proposed changes to Argonaut's risk management framework.
- (viii) Risk issues will be identified, analysed and ranked in a consistent manner. Argonaut will deal with risks in the following way:
 - (A) identify the nature of all material risks;
 - (B) determine the likelihood of occurrence and magnitude of impact to the company of such risk, and who the risk is to be reported to;
 - (C) develop a risk mitigation plan and update annually or as often as needed;
 - (D) implement the risk mitigation plan; and
 - (E) monitor and report progress of risk mitigation plan.

1.7 External audit

The Board:

- (a) is responsible for the appointment, reappointment or replacement (subject to shareholder ratification, as required), remuneration, monitoring of the effectiveness, and independence of the external auditor;

- (b) will discuss annually with the external auditor the overall scope of the external audit and ensure the external auditor attends the Argonaut AGM and is available to answer questions from security holders relevant to the audit;
- (c) must pre-approve all audit and non-audit services provided by the external auditor (other than taxation services) and will not engage the external auditor to perform any non-audit or assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of Argonaut. The Board may delegate a pre-approval dollar limit to the Chief Financial Officer (or equivalent) to pre-approve amounts in excess of this between audit and risk meetings;
- (d) the statements to be made in the directors' report regarding non-audit services in accordance with the Corporations Act;
- (e) will annually request from the external auditor a report which sets out all relationships that may affect its independence; and
- (f) will review the procedures for selection and appointment of the external auditors and rotation of external audit engagement partner.

1.8 Communication

The Board is to establish procedures for dealing with complaints received by Argonaut (including receipt, retention, and effective treatment of these complaints) regarding accounting, internal accounting controls, or auditing matters, and submissions by employees of Argonaut, including anonymous submissions, of concerns regarding questionable accounting or auditing matters. All such employee submissions shall be treated as confidential. The Board shall receive reports of evidence of any material violation of the Corporations Act, the ASX Listing Rules or breaches of fiduciary duty.

1.9 Access to information and independent advice

- (a) The Board may seek any information or advice it considers necessary to fulfil its responsibilities.
- (b) The Board has access to:
 - (i) Argonaut's management, to seek explanations and information from them; and
 - (ii) external and internal auditors to seek explanations and information, without Argonaut's management being present.
- (c) The Board may seek professional advice from appropriate external advisers, at Argonaut's cost. The Board may meet with these external advisers without Argonaut's management being present.

1.10 Reviews and changes to this Charter

- (a) The Board will review this Charter annually or as often as it considers necessary.

- (b) The Board will make changes to Argonaut's risk management framework or the risk appetite as often as it considers necessary.
- (c) The Board may change this Charter (including its audit and risk responsibilities) from time to time by resolution.

The Board shall make an evaluation of its performance in respect to audit and risk management at least once every two years to determine whether it is functioning effectively by reference to current best practice.

The implementation and effectiveness of this Charter is the responsibility of the Board.

Argonaut's senior leadership are accountable for ensuring this Charter is reviewed at least every two years and implemented accordingly.

This Charter authorised by the Full Board of Argonaut Resources NL

Date: 28 September 2021