

## Boart Longyear Limited Audit, Safety and Risk Committee Charter

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### 1. General

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- 1.1 The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to:
- external and internal audit functions;
  - accounting policies;
  - financial reporting;
  - financial matters including treasury risks and practices (including hedging and risk management), insurance requirements and employee benefit plan investment policies and performance and funding requirements;
  - business risk monitoring;
  - certain compliance matters; and
  - environmental, health and safety matters.
- 1.2 The Committee has authority from the Board to review and investigate any matter within the scope of its charter and make recommendations to the Board in relation to the outcomes. The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.
- 1.3 The Committee has unrestricted access to employees, records, internal and external auditors, tax and other financial or legal advisers engaged by Boart Longyear. The Committee is authorised to take advice from any external parties as appropriate at Boart Longyear's expense. The internal and external auditors will have direct access to the Committee and to the Board via their respective Chairmen.
- 1.4 In this charter the following terms have the following meanings:
- "Board"** means the Board of Boart Longyear.
- "Director"** means a member of the Board.
- "independent Director"** means a Director who has been determined by the Board to be independent in accordance with clause 6 of the Board Charter.
- "non-executive Director"** means a Director who is not employed in an executive capacity by Boart Longyear.
- "Boart Longyear"** or **"Company"** means Boart Longyear Limited.

### 2. Composition

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- 2.1 In light of the composition of the Board resulting from the recapitalisation of the Company which was implemented on 1 September 2017, the Committee will consist of:
- at least three members;
  - only non-executive Directors; and
  - at least one independent director

- 2.2 It is expected that each member of the Committee should be financially literate and at least one member should have significant expertise in financial reporting, accounting or auditing. Overall, it is intended that the members of the Committee between them should have the accounting and financial expertise, the necessary technical knowledge and a sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's mandate effectively.
- 2.3 The Company Secretary or their nominee will act as the Secretary to the Committee.

### **3. Meetings**

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- 3.1 The Committee must meet as often as required and at least four times each year.
- 3.2 Meetings will be called by the Secretary at the request of the Board or Committee Chairman.
- 3.3 Members of the Board may attend meetings of the Committee and the engagement or audit partner of the external auditor of Boart Longyear may attend meetings ex officio. Subject to paragraph 3.6, the Chief Executive Officer and the Chief Financial Officer of Boart Longyear may attend meetings ex officio.
- 3.4 The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. These records will be available to any Board member upon request.
- 3.5 The Committee will develop an annual program to meet its responsibilities.
- 3.6 The Committee will meet with the external auditor without members of management being present at least once each year and whenever considered appropriate by the Chairman of the Committee. The Committee may seek explanations and additional information from the external auditor as and when required.
- 3.7 The Committee may meet with management and seek explanations and additional information as and when required.
- 3.8 The Committee Chairman, or their nominee, will report to the Board after each meeting of the Committee and copies of the minutes of each Committee meeting will be included in the papers and provided to members of the Board for the next full Board meeting.
- 3.9 A quorum will comprise two members of the Committee. In the absence of the Committee Chairman, Committee members will elect a Committee member to act as Chairman for that meeting.
- 3.10 Each member of the Committee will have one vote and questions will be decided by a majority of votes. In the case of an equality of votes, the Chairman of the Committee will have a second or casting vote, provided more than two of the members present are entitled to vote.

### **4. Duties**

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In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties:

- 4.1 **External audit**

- (a) regularly evaluate and report to the Board on the performance and independence of the external auditor.
- (b) review the appointment and selection of the external auditor at least every three years and make recommendations to the Board in relation to the proposed fees and terms of engagement of the external auditor and audit engagement partners, and any proposed change of external auditor or audit engagement partners.
- (c) review and approve the external audit plan for each audit or review of financial statements.
- (d) review all reports from external auditors, report to the Board on any issues arising out of those reports and ensure that the required disclosures by the external auditors are made to the Committee within the required timeframes.
- (e) provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the *Corporations Act 2001* (Cth) to be included in the Company's annual report.

Any non-audit assignments performed by the external auditors for Boart Longyear will require the prior approval of the Chairman of the Committee.

#### 4.2 **Internal Audit**

- (a) make recommendations to the Board for the appointment of, or if necessary, the dismissal of the head of the internal audit function.
- (b) evaluate the objectivity and performance of the internal auditors.
- (c) approve any proposed reduction to the resources engaged in the internal audit function or the manner in which that function is performed. Review the appointment of the internal auditors if the function is outsourced.
- (d) review and approve the internal audit plan each year.
- (e) review all reports from internal auditors and review the implementation of recommendations made by the internal auditors and approved by the Committee.
- (f) report to the Board on issues arising from the internal auditor's reports on major issues arising from the internal audit program.

#### 4.3 **Accounting**

- (a) review the accounting policies of Boart Longyear, including conformance to relevant accounting and reporting standards.
- (b) review all significant proposed accounting policy changes and, where appropriate, recommend to the Board that the changes be adopted by Boart Longyear.

#### 4.4 **Financial reporting**

- (a) review and discuss with management and the external auditor Boart Longyear's half year and annual financial statements;
- (b) assess the appropriateness of the accounting judgements or choices exercised by management in preparing the financial statements;
- (c) consider whether the financial statements provide a true and fair view of, the financial position and performance of the Company and the Boart Longyear group;
- (d) recommend the financial statements to the Board for approval;
- (e) review the Chief Executive Officer and Chief Financial Officer declarations regarding the financial records and the financial statements and the processes supporting those declarations."

- (f) review any statements or commentary to be released to the Australian Securities Exchange to accompany the half year or annual financial statements.
- (g) review any financial reports to be released to the Australian Securities Exchange.
- (h) review financial and other reporting mechanisms to ensure adequate, accurate and timely information is provided to the Board, shareholders and the financial market in general.
- (i) review the adequacy of Boart Longyear policies relating to financial reporting and controls, including compliance with laws, regulations and ethical guidelines.
- (j) discuss with management and the external auditor any correspondence with regulatory or government bodies and any published reports which raise material issues regarding Boart Longyear's financial statements.

#### 4.5 **Risk management and internal control system**

- (a) review and make recommendations to the Board on the strategic direction, objectives and effectiveness of Boart Longyear's financial and operational risk management policies and the risk appetite that is appropriate for the Company;
- (b) assist the Board as required in relation to the identification of the principle risks faced by Boart Longyear (including economic, environmental and social sustainability risks).
- (c) review the steps taken by management to implement controls and otherwise mitigate risk, and assist the Board as required to review the Company's risk management framework at least annually.
- (d) oversee the process for the investigation of any incidents involving fraud or other failures of the Company's internal controls, including oversight of the process for reporting breaches of the Company's Code of Business Conduct.

#### 4.6 **Treasury Risk Management**

- (a) monitor the Company's treasury risks and practices, including hedging of interest rate risk and foreign currency exchange risk.

#### 4.7 **Insurance Program**

- (a) review the Company's insurance program and make recommendations to the Board on the adequacy of that program, including in relation to scope of coverage, deductibles, premiums and risk manager reports.

#### 4.8 **Dividend Policy**

- (a) review the dividend policy.

#### 4.9 **Compliance**

- (a) assess, review and, as necessary, report to the Board on Boart Longyear's policies and practices designed to ensure compliance with laws, contractual obligations and, where applicable, Boart Longyear established standards in the following areas:
  - trade practices and anti-trust;
  - anti-discrimination;
  - anti-corruption;
  - privacy; and
  - continuous and periodic disclosure.

- (b) review the results of any governmental or regulatory audits involving the above areas which have not otherwise been reviewed by the Board or another Committee.

#### 4.10 **Environmental, Health and Safety**

- (a) review and make recommendations to the Board on the environmental, health and safety policies of the Company and compliance with these policies and applicable legislation and regulations.
- (b) review written reports from management on the status of compliance and on any material non-compliance with the safety, health and environmental policies of the Company and all applicable regulatory requirements.
- (c) review any reports from management detailing the nature of, and any remedial action taken with respect to, any material safety, health or environment incident which is required to be reported to appropriate regulatory authorities and may have a material effect on the financial condition or reputation of the Company. The Chairman will determine what other Committee action is appropriate.
- (d) review such other safety, health and environmental matters as the Committee may consider suitable or the Board may specifically direct; and
- (e) review safety objectives for the purposes of the Company's corporate bonus plan (or such other incentive programs as may be relevant from time to time) and make recommendations to the Board regarding the appropriateness of those objectives.

### **5. Reporting**

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5.1 The Committee shall provide regular reports to the Board. These reports shall contain all matters relevant to the Committee's responsibilities including:

- (a) an assessment of whether external reporting is consistent with Committee members' information and knowledge, and if this external reporting is adequate for shareholder needs;
- (b) recommendations for changes to management processes supporting external reporting;
- (c) the Committee's policies and procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (d) recommendations for the appointment or removal of an external auditor;
- (e) assessment of the performance and independence of internal and external auditors, in relation to matters within the Committee's responsibility
- (f) whether the Committee is satisfied that the provision of non-audit services by the external auditor has not compromised the independence of the external auditor;
- (g) the results of the Committee's review of Boart Longyear's risk management and internal control system;
- (h) recommendations to the Board for the appointment of, or if necessary, the dismissal of the head of the internal audit function; and
- (i) recommendations to the Board in relation to the Company's environmental, health and safety policies.

### **6. Assessment**

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6.1 At least once each year the Committee and the Board will review the performance of the Committee, including the performance of individual Committee members. This review will incorporate the views of relevant stakeholders.

- 6.2 At least once each year the Committee will review this charter, and make recommendations to the Board in relation to any proposed change to this charter.