



Boart Longyear Group Ltd. (Ontario Corporation No. 002854330 / ARBN 652 848 103)

Audit and Risk Committee Charter

1. GENERAL

- 1.1 The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in relation to:
- (a) External and internal audit functions.
 - (b) Accounting policies.
 - (c) Financial reporting.
 - (d) Financial matters including treasury and tax risks and practices.
 - (e) Corporate insurance programs.
 - (f) Business risk monitoring.
 - (g) Cyber security.
 - (h) Certain compliance 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 does not have any 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 Chair.
- 1.4 In this charter, the following terms have the following meanings:
- “**Board**” means the Board of Boart Longyear.
- “**Boart Longyear**” means Boart Longyear Group Ltd.
- “**Company**” means Boart Longyear Group Ltd.
- “**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 applicable laws and regulations.

“**non-executive Director**” means a Director who is not employed in an executive capacity by any Boart Longyear entity.

2. **COMPOSITION**

- 2.1 The Committee will consist of at least three Directors, the majority of which will be independent Directors and all of which will be non-executive Directors.
- 2.2 It is expected that each member of the Committee should be financially literate, as may be defined by applicable laws and regulations, 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 responsibilities effectively.
- 2.3 The Company Secretary or their nominee will act as the Secretary to the Committee.
- 2.4 The Chair of the Committee should be an independent Director who is not the Chair of the Board.

3. **MEETINGS**

- 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 direction of the Board or at the request of the Committee Chair. Notices sent by delivery or by telephonic or electronic means shall be sent no less than 48 hours before the time of the meeting. Notices sent by mail shall be sent no less than 5 days before the day of the meeting.
 - 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 specified portions of the 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. All minutes of the Committee must be entered into a minute book maintained for that purpose.
 - 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 Chair 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.
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- 3.8 The Committee Chair, or their nominee, will report to the Board after each meeting of the Committee.
- 3.9 A quorum will comprise of a majority of Committee members. In the absence of the Committee Chair, Committee members will elect an alternate Committee member to act as Chair for that meeting.
- 3.10 In the case of an equality of votes, the Chair of the Committee will have a second or casting vote, provided more than two of the members present are entitled to vote.

4. DUTIES

External Audit

- 4.1 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to external audit.
- (a) Receive direct reports from external auditors.
 - (b) Regularly evaluate and report to the Board on the performance and independence of the external auditor.
 - (c) 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.
 - (d) Review and approve the external audit plan for each audit or review of financial statements.
 - (e) 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.
 - (f) 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 applicable laws and regulations to be included in the Company's annual report.

Internal Audit

- 4.2 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to 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.
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- (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 auditors' reports on major issues arising from the internal audit program.
- (g) Annually review and approve the internal audit charter.

Non-Audit Services

- 4.3 Any non-audit assignments performed by the external auditors for Boart Longyear, or any Boart Longyear entity will require the prior approval of the Committee.

Accounting

- 4.4 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to accounting:
- (a) Review the accounting policies of the Company, including conformance to relevant accounting and reporting standards.
 - (b) Establish procedures for the confidential anonymous submission, by employees of the Company, of concerns regarding questionable accounting or auditing matters.
 - (c) Establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing.
 - (d) Review all significant proposed accounting policy changes and, where appropriate, recommend to the Board that the changes be adopted by the Company.

Financial Reporting

- 4.5 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to financial reporting:
- (a) Oversee the 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 judgments 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.
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- (e) Review the Chief Executive Officer and Chief Financial Officer declarations regarding the financial records, the financial statements and the processes supporting those declarations.
- (f) Review any statements or commentary to be released to the relevant securities exchange(s).
- (g) Review any financial reports to be released to the relevant securities exchange(s).
- (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 Company policies relating to financial reporting and controls, including compliance with laws, regulations, and ethical guidelines.
- (j) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of any present or former external auditor.
- (k) Discuss with management and the external auditor any correspondence with regulatory or government bodies and any published reports which raise material issues regarding Company financial statements.

Risk Management and Internal Control Systems

4.6 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation risk management and internal control systems:

- (a) Review and make recommendations to the Board on the strategic direction, objectives and effectiveness of the Company 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 principal risks faced by the Company.
- (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 processes for the investigation of any incidents involving fraud or other failures of the Company's internal controls, including oversight of the processes for reporting breaches of the Company's Code of Business Conduct.
- (e) Review significant litigation risk which could have a material impact on the Company.

Treasury Risk Management

4.7 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to treasury risk management:

- (a) Monitor the Company's treasury risks and practices, including hedging of interest rate risk and foreign currency exchange risk, liquidity, debt levels, and covenants.

Tax

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

- (a) Review major risks and issues associated with the Company's tax positions and ongoing tax matters.

Insurance Program

4.9 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to the 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 management reports.

Dividend Policy

4.10 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to the dividend policy:

- (a) Review the Company's dividend policy.
- (b) Determine whether any dividends should be paid, in what amount, and make such recommendations to the Board

Cyber Security

4.11 In meeting its purpose set out in paragraph 1.1 of this charter, the Committee has the following duties in relation to cyber security:

- (a) Review the Company's cyber risk management program including the incident response plan.
- (b) Review the Company's insurance program as it relates to cyber security and make recommendations to the Board on the adequacy of that program, including in relation to scope of coverage, deductibles, premiums, and risk management reports

4.12 The Committee will report or make recommendations to the Board in relation to each of its duties set out above as required or appropriate.

5. ASSESSMENT

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.
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- (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 systems.
 - (h) Recommendations to the Board for the appointment of, or if necessary, the dismissal of the head of the internal audit function.
- 5.2 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.
- 5.3 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.