



ATALAYA  
MINING

# Terms of Reference for the Audit Committee

ATALAYA MINING PLC

## Atalaya Mining plc (the “Company”)

Adopted at a meeting of the Board held on 15 November 2023.

Terms of reference for the Audit Committee

1. **Constitution**

The committee has been established by a resolution of the board of directors of the Company (the “**Board**”) and is to be known as the Audit Committee (the “**Committee**”).

2. **Membership**

2.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company, on the recommendation of the Nomination and Governance Committee in consultation with the Chair of the Committee and shall consist of not less than three members. All members of the Committee shall be independent non-executive directors of the Company. At least one member of the Committee shall have recent and relevant financial experience and the Committee as a whole shall have competence relevant to the sector in which the Company operates. The Chair of the Board shall not be a member of the Committee.

2.2 The members of the Committee shall, between them, have not only recent and relevant financial experience, but also overall:

- (a) extensive business experience;
- (b) knowledge of financial markets;
- (c) an understanding of management practices including risk management activities, both generally and in the Company’s industry sector; and
- (d) knowledge of any relevant specialist regulatory or legal requirements.

2.3 The Chair of the Committee shall be appointed by the Board. Where possible, the Chair of the Committee should have prior experience as a director with another quoted company of at least similar size and resources and have experience of risk management in relevant issues. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2.4 Each member of the Committee shall disclose to the Committee:

- (a) any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or
- (b) any potential conflict of interest arising from a cross-directorship or otherwise; and

- (c) any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent himself from all or part of the meeting of the Committee in question.
- 2.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Appointment to the Committee shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the director still meets the criteria for membership of the Committee.
- 2.6 Membership of the Committee shall be noted in the annual directors' report of the Company.
- 3. **Chair of the Committee**
  - 3.1 The Chair of the Committee is responsible for the operation and effectiveness of the Committee.
  - 3.2 There are five main elements to role of the Chair of the Committee:
    - (a) managing the Committee as a team to perform an effective oversight role within a unitary board structure;
    - (b) supporting and, if necessary, mentoring the Chief Financial Officer in the responsibilities arising in a quoted company environment;
    - (c) ensuring that the Committee addresses all the tasks delegated to it and that any shortage in skills or experience of committee members is mitigated by the attendance of people with relevant expertise;
    - (d) working with the Nomination and Governance Committee to ensure that the Committee members have an appropriate mix of relevant skills and experience in both financial and non-financial matters; and
    - (e) communicating effectively the performance of the Committee to shareholders through audit committee reports.
  - 3.3 The Chair of the Committee shall set and manage the Committee's agenda.
  - 3.4 The Chair of the Committee shall work closely with the Chief Financial Officer, audit partner and others to ensure that all relevant information and opinions are brought to the attention of the Committee members, so that they can formulate an accurate assessment of the matters under consideration, and so that appropriate items may be placed on to the agenda of the Board.
  - 3.5 The Chair of the Committee shall have considered, in advance of each Committee meeting, the different possible outcomes of the matters that will be under discussion and the possible further action that may be required.

#### **4. Secretary of the Committee**

- 4.1 The Secretary of the Company, or their nominee, shall be the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 4.2 In the absence of the Secretary of the Committee, the members present at the meeting of the Committee shall elect another person as the Secretary.
- 4.3 The Secretary of the Committee shall assist the Chair of the Committee to determine the agenda for meetings to ensure that the Committee can effectively discharge its responsibilities.
- 4.4 The Secretary of the Committee should not be a member of the Committee and should not be the Chief Financial Officer.

#### **5. Role of the Chief Financial Officer**

- 5.1 The Company's finance team shall prepare many of the papers required by the Committee.
- 5.2 The Chief Financial Officer, while not a member of the Committee, shall work closely with the Chair of the Committee to ensure that papers for meetings are both comprehensive and comprehensible and are available for distribution sufficiently in advance of Committee meetings.
- 5.3 The Chief Financial Officer will have responsibility for developing and implementing all necessary policies and procedures for sound financial management and control.
- 5.4 The Chief Financial Officer shall attend Committee meetings when requested in order to participate in discussions on papers prepared by the finance team and decisions which he/she will be involved in implementing.

#### **6. Attendance at Meetings**

- 6.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Financial Officer, the Chair of the Board, the Chief Executive Officer, other directors and representatives from the finance function and/or external advisers will be invited to attend all or part of any meeting on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate but such persons have no right of attendance.
- 6.2 A representative of the external auditors shall normally attend meetings. At least once in each year the members of the Committee shall meet the external auditors without the presence of any executive director or other employee of the Company and the Committee shall decide if the executive

directors (or any of them) should be present or not at any other meeting attended by the external auditors.

## **7. Proceedings at Meetings**

- 7.1 A quorum for a meeting of the Committee shall be two members and it is preferable for any quorum to include a member with recent and relevant financial experience. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 7.2 Members of the Committee may attend meetings of the Committee either in person, by telephone or through other means of electronic communication, provided all participating Committee members can hear each other.
- 7.3 Should any member of the Committee wish to attend a meeting by telephone or through other means of electronic communication, prior arrangements shall be made with the Secretary of the Committee.
- 7.4 Subject as provided in paragraph 2.4 above, each member of the Committee shall have one vote. In the event of an equality of votes, the Chair of the Committee shall have a second or casting vote (again subject as provided in paragraph 2.4 above). In the absence of the Chair of the Committee or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

## **8. Frequency of Meetings**

- 8.1 The Committee shall meet at least three times a year at appropriate times in the financial reporting and audit cycle and otherwise as required.
- 8.2 Any member of the Committee, the internal auditors (if applicable) or the external auditors may request a meeting if they consider that one is necessary.
- 8.3 Outside of the formal meeting programme, the Chair of the Committee will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the external auditors and internal auditors (if applicable).

## **9. Notice of Meetings**

- 9.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee or any of its members or at the request of external or internal auditors (if applicable) if they consider it necessary.

- 9.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded by the Secretary of the Committee to each member of the Committee, any other person required to attend, no later than three working days (which notice may be waived by any director) before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

10. **Minutes of Meetings**

- 10.1 The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 10.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless, exceptionally, it would be inappropriate to do so.
- 10.3 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

11. **Annual General Meeting**

The Chair of the Committee shall attend the annual general meeting of the Company and be available to respond to any shareholder questions on the Committee's activities. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

12. **Authority**

- 12.1 The Committee is authorised by the Board to investigate and undertake any activity within its terms of reference. It shall have unrestricted access to the auditors, is authorised to seek any information it properly requires from any director, employee or professional adviser of the Company and all directors, employees and professional advisers are directed to co-operate with any request made by the Committee.
- 12.2 The Committee is authorised by the Board to obtain outside legal, accounting or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.

13. **Purpose**

The purpose of the Committee is to:

- a) Oversee all material aspects of the company's financial reporting, control and audit functions;
- b) Monitoring and management of relevant risks; and
- c) Management of external financial audit.

#### 14. **Duties**

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The duties of the Committee are to:

- (a) consider the appointment, re-appointment and terms of engagement of the external auditors, the auditors' remuneration and any question of resignation or dismissal of the auditors and to make recommendations to the Board on the same, to be put to shareholders for approval
- (b) develop and oversee the selection process for new auditors in accordance with the Governance Code and regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process
- (c) if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) keep under review and oversee the relationship with the external auditors including (but not limited to):
  - (i) approval of their remuneration, including fees for both audit or non-audit services and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - (iii) assess annually the external auditor's independence and objectivity taking into account relevant law, regulation, the FRC Ethical Standard and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
  - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

- (v) agree with the Board a policy on the employment for former employees of the Company's auditor, taking into account the FRC Ethical Standard and legal requirements, and monitor the application of this policy;
- (vi) the nature and extent of non-audit services supplied by the auditors (where they supply a substantial volume of such services to the Company), seeking to balance the maintenance of objectivity and value for money;
- (vii) develop and recommend to the Board the Company's formal policy on the engagement of the external auditors to supply non-audit services, including prior approval of non-audit services by the Committee and specifying the types of non-audit services to be preapproved, and assessment of whether non-audit services have a direct or material effect on the audit financial statements. The policy should include consideration of the following matters:
  - (A) threats to independence and objectivity of the external auditor and any safeguards in place;
  - (B) the nature of the non-audit services;
  - (C) whether the external audit firm is the most suitable supplier of the non-audit service;
  - (D) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
  - (E) the criteria governing compensation; ;
- (viii) meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- (ix) discussions with the external auditor about the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- (x) discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Company's internal auditing standards, if applicable;
- (xi) ensuring that the external auditors report in a timely manner to the Committee on:
  - (A) all accounting policies and practices used or to be used;
  - (B) all alternative disclosures and treatments of financial information within generally accepted accounting



- principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and
- (C) all other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences;
  - (xii) ensuring that procedures are in place for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
  - (xiii) monitoring the external auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the FRC Ethical Standard, including the guidance on the rotation of audit partners and staff;
  - (xiv) monitoring the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements, guidance and the FRC Ethical Standard;
  - (xv) the co-ordination of the external audit with the activities of the internal audit function, if applicable;
  - (xvi) evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
  - (xvii) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
    - (A) a discussion of any major issues which arose during the audit;
    - (B) the auditor's explanation of how the risks to audit quality were addressed;
    - (C) any key accounting and audit judgements;
    - (D) the auditor's view of their interactions with senior management; and
    - (E) levels of errors identified during the audit;
  - (xviii) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures and an assessment by the Committee of the quality of the audit, the handling of key judgements by the auditor, and the auditors response to questions from the Committee; and

- (xix) ensuring the annual audit is effective, objective, independent, appropriately priced and of a high quality;
- (e) monitor and review, in discussion with the auditors, the preparation and integrity of the financial statements, including the half-year financial statements and annual accounts and preliminary reports to shareholders and any other formal statements concerning the Company's financial position. In particular, the Committee shall review and challenge where necessary:
  - (i) the application of significant accounting policies and any changes to them;
  - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (iii) whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
  - (iv) the clarity and completeness of disclosures in the financial statements and the context in which statements are made; and
  - (v) all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management;
- (f) review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook;
- (g) report its views to the Board, where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company;
- (h) ensure the Company has an adequate process for approving market announcements that contain information about the Company's financial position and making these available to Board members for review and approval;
- (i) keep under review the consistency of accounting policies both on a year-to-year basis and across the Company;
- (j) discuss problems, reservations and recommendations arising from audits and any matters the external auditors may wish to discuss (in the absence of executive directors and other management, where necessary);
- (k) advise the Board, independently from the executive directors and the external auditors, whether it considers the Company's corporate reporting, including the annual report and accounts, taken as whole, to be fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance,

- business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the Governance Code;
- (l) review and report to the Board on any significant financial reporting and risk issues, including estimates and judgements made in connection with the preparation of the Company's financial statements;
  - (m) communicate and engage effectively with shareholders on the extent of the Committee's activities;
  - (n) review any representation letter(s) requested by the external auditors before they are signed by management and the external auditors' management letter and management's response to the auditor's findings and recommendations;
  - (o) monitor and review the internal audit programme (or where there is no internal audit function, consider annually whether there is a need for an internal audit function and/or a head of internal audit and make recommendations to the Board), ensure co-ordination between the internal and external auditors, and ensure that the internal audit function, if applicable, is adequately resourced and has appropriate standing within the Group;
  - (p) keep under review and challenge where necessary the effectiveness and adequacy of the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems;
  - (q) review statements to be included in the annual report on internal control and risk management, including the assessment of principal risks and emerging risks and the viability statement, before submission to the Board for its approval;
  - (r) review the effectiveness, adequacy and security of the Company's whistleblowing arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting and other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;
  - (s) collaborate with the relevant committees of the Board to review, identify and report arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action;
  - (t) ensure that the Company's corporate reporting and risk management processes address relevant non-financial matters, as well as financial matters;
  - (u) collaborate with the relevant committees of the Board to review, identify and report the Company's procedures for detecting fraud;

- (v) collaborate with the relevant committees of the Board to review, identify and report the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- (w) consider the major findings of internal investigations and management's response;
- (x) to work and liaise as necessary with other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly; and
- (y) consider other topics, as requested by the Board.

## 15. **Reporting Procedures**

15.1 The Chair of the Committee shall report formally to the Board on proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- (a) the significant issues that it considered in relation to the financial statements and how these were addressed;
- (b) its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
- (c) any other issues on which the Board has requested the Committee's opinion.

15.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.

15.3 The Committee shall compile a report on its activities to be include in the Company's annual report. The report should describe the work of the Committee, including:

- (a) the significant issues that the committee considered in relation to the financial statements and how these issues were addressed;
- (b) an explanation of how the committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and

- (c) an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements set out in the Governance Code.
- 15.4 In compiling the report referred to above, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross-references to that information.
- 15.5 The Committee shall have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the committee and the board. If the board has not accepted the committee's recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the committee's recommendation and the reasons why the board has taken a different position.
- 16. **The Committee**
  - 16.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Secretary of the Company for assistance as required.
  - 16.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
  - 16.3 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
  - 16.4 The Committee shall give due consideration to all relevant laws and regulations, the provisions of the Governance Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
  - 16.5 The Committee shall be responsible for oversight of the coordination of the internal and external auditors.
  - 16.6 The Committee shall make available its terms of reference for inspection at the registered office of the Company and on the Company's website.

17. **General**

- 17.1 The recommendations of the Committee minutes must be approved by the Board before they can be implemented.
- 17.2 Any of the terms set out in this document may be varied by a majority resolution of the Board.