

## AUDIT COMMITTEE CHARTER

### CONDOR RESOURCES PLC (“the Company”)

(company number 05587987)

#### AUDIT COMMITTEE TERMS OF REFERENCE

Terms of Reference for the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of the Company constituted pursuant to the Company’s Articles of Association by a Resolution of the Board passed on November 2, 2017.

#### 1. MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least 3 members.
- 1.2 Each member of the Committee must be independent. “**Independent**” shall have the meaning, as the context requires, given to it in both the UK Corporate Governance Code and National Instrument 52-110 – *Audit Committees*, as they may be amended from time to time.
- 1.3 At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
- 1.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, other directors and any relevant senior member of staff may be invited to attend all or part of any meeting as and when appropriate.
- 1.5 The external auditor will be invited to attend meetings of the Committee on a regular basis.
- 1.6 Where possible the Committee Chairman and members of the Committee should rotate on a regular basis.
- 1.7 The Board shall appoint the Committee Chairman who shall be a member of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### 2. SECRETARY

- 2.1 The Company Secretary shall act as the Secretary of the Committee.

#### 3. QUORUM AND VOTING

- 3.1 The quorum necessary for the transaction of business shall be 2 members. 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.
- 3.2 In the event of an equality of votes the Committee Chairman shall have a second or casting vote.

#### 4. FREQUENCY OF MEETINGS

4.1 The Committee shall meet at least once a year at an appropriate time in the reporting and audit cycle and otherwise as required. Meetings may be held by telephone.

## **5. NOTICE OF MEETINGS**

5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external auditors if they consider it necessary.

5.2 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 to each member of the Committee and any other person required to attend no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **6. MINUTES OF MEETINGS**

6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

## **7. ANNUAL GENERAL MEETING**

7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8. DUTIES**

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Company and its subsidiaries as a whole (collectively, the "**Group**"), as appropriate.

### **8.1 Financial Reporting**

8.1.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim financial statements, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

8.1.2 The Committee shall review the audited annual financial statements and the auditor's report thereon, the interim financial statements and, in both cases, the related management's discussion and analysis of the Company's financial condition and results of operation ("**MD&A**"). After completion of its review, the Committee shall approve and recommend for Board approval the annual or interim financial statements, as the case may be, and the related MD&A. MD&A's shall be produced by the Company provided that they are required under regulatory disclosure obligations.

8.1.3 The Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing, or based upon, financial results of the

Company, and any other material financial disclosure, including financial guidance provided to analysts or rating agencies, or otherwise publicly disseminated.

8.1.4 The Committee shall be satisfied as to the adequacy of procedures in place for the review of the Company's public disclosure of financial information extracted or derived from annual or quarterly financial statements and periodically assess the adequacy of such procedures.

8.1.5 The Committee shall review and challenge where necessary:-

8.1.5.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;

8.1.5.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.1.5.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.1.5.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and

8.1.5.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

## 8.2 **Internal Controls and Risk Management Systems**

The Committee shall:-

8.2.1 keep under review the effectiveness of the Company's internal controls and risk management systems; and

8.2.2 review and approve the statements to be included in the Company's continuous disclosure documents concerning internal controls and risk management.

## 8.3 **Whistleblowing**

The Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it shall direct the Committee Chairman to engage outside advisors, as necessary or appropriate, to investigate the matter and shall work with management and the general counsel to reach a satisfactory conclusion.

## 8.4 **Internal Audit**

The Committee shall consider annually whether there is a need for an internal audit function and make a recommendation to the Board and, where there is no internal audit function, the reasons for its absence shall be explained in the relevant sections of the Company's continuous disclosure documents as required by applicable laws and stock exchange rules.

## 8.5 **External Audit**

The Committee shall:

- 8.5.1 be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report or performing other audit, review or attest services or any other related work;
- 8.5.2 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor (and so that if the Board does not accept the Committee's recommendation, the Company's Annual Report or Annual Information Form should include a statement from the Committee explaining its recommendation and set out reasons why the Board has taken a different position). The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.5.3 oversee the relationship with the external auditor, including (but not limited to):
  - 8.5.3.1 approval of their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an effective audit to be conducted;
  - 8.5.3.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 8.5.3.3 assessing annually and before the auditors issue their report on the annual financial statements, the auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - 8.5.3.4 obtaining written confirmation from the auditors that they are objective and independent within the meaning of the auditor's rules of professional conduct;
  - 8.5.3.5 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);
  - 8.5.3.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
  - 8.5.3.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process;
- 8.5.4 liaise regularly with the external auditor, including at the planning stage of the audit as appropriate. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.5 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.5.6 review the report prepared by the auditors in respect of each of the interim financial statements of the Company;
- 8.5.7 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:-

- 8.5.7.1 a discussion of any major issues which arose during the audit,
- 8.5.7.2 any accounting and audit judgements, and
- 8.5.7.3 levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit process.

- 8.5.8 review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.5.9 review the management letter and management's response to the auditor's findings and recommendations;
- 8.5.10 approve in advance any retainer of the auditor to perform any non-audit service to the Company that it deems advisable in accordance with applicable laws and stock exchange rules. The Committee may delegate pre-approval authority to a member of the Committee. The decision of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting;
- 8.5.11 review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company; and
- 8.5.12 resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

## 8.6 **Reporting Responsibilities**

- 8.6.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.6.3 The Committee shall compile, review and approve any Committee disclosure to be included in the Company's continuous disclosure documents.

## 8.7 **Other Matters**

The Committee shall:-

- 8.7.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 8.7.2 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;
- 8.7.3 give due consideration to laws and regulations, have regard to the provisions of the Combined Code and the requirements of the AIM Rules and the TSX Company Manual as appropriate;
- 8.7.4 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- 8.7.5 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.

**9. AUTHORITY**

The Committee is authorised:-

- 9.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 9.2 the Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors employed by the Committee at the cost of the Company without obtaining Board approval, based on its sole judgment and discretion. The Committee has the authority to communicate directly with the internal and external auditors of the Company; and
- 9.3 to call any employee to be questioned at a meeting of the Committee as and when required.