

# CHINALCO MINING CORPORATION INTERNATIONAL

## Charter of the Audit Committee

### 1 Purpose

The establishment and formation of an audit committee (hereinafter referred to as the "Audit Committee") has been approved by the Board of Directors of Chinalco Mining Corporation International (the "Company"). The authority and duties of the Audit Committee are set out below.

The purpose of the Audit Committee is to perform oversight function over (1) the integrity of the Company's financial reporting, (2) the Company's compliance with relevant laws and regulations, (3) the qualifications and independence of external auditor, (4) the performance of external auditor and internal auditors, as appropriate, and (5) internal controls and risk management.

### 2 Membership of Audit Committee

- 2.1 The Audit Committee shall consist of at least three members who are appointed by the Board of Directors, and two members shall constitute a quorum. All members of the Audit Committee should be entirely non-executive directors, the majority of which shall be independent non-executive directors. One member of the audit committee must be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.
- 2.2 The Chairman of the Audit Committee shall be an independent non-executive director and appointed by the Board of Directors.
- 2.3 No member of the Audit Committee shall receive, either directly or indirectly, any remuneration other than directors' fees from the Company for any advisory or consultancy role or otherwise.
- 2.4 The term of office of a member of the Audit Committee shall correspond to that of a director, i.e. the term of office of a member of the Audit Committee shall be three years, and shall be renewable upon re-election.

### 3 Meetings of Audit Committee

- 3.1 The Audit Committee should meet at least twice a year or more frequently if the Audit Committee determines it to be necessary. The Head of the internal audit and a representative of the external auditor should normally attend meetings of the Audit Committee. Where it is necessary or desirable, the Chairman may request members of the management and a representative of the external auditor to attend the meeting of the Audit Committee, and other members of the Board of Directors shall be entitled to attend the meeting. Nevertheless, the Audit Committee shall meet with the external auditor and internal auditors exclusively at least once a year and such meeting shall not be attended by any executive directors. Meetings may be conducted by way of telephone.
- 3.2 Full minutes of Audit Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company secretary). Draft and

final versions of minutes of the Audit Committee meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

#### **4 Authority of the Audit Committee**

- 4.1 The Audit Committee is authorised by the Board to perform any duty and investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee.
- 4.2 The Audit 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.
- 4.3 The Audit Committee is authorised by the Board to oversee Company's risk management and internal control systems on an ongoing basis, and to ensure that a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems has been conducted at least annually, covering all material controls, including financial, operational and compliance controls, including financial, business, operational and other risks of the Company and its subsidiaries, and undertake any related investigations.

#### **5 Duties of the Audit Committee**

- 5.1 Planning the external audit and internal audit. The Audit Committee will monitor the planning of both the external auditor's audits of the Company's financial statements and the internal audit process, including taking the following actions:
- (i) subject to the approval and ratification of the Shareholders' General Meeting, making recommendations to the Board on the appointment, reappointment and removal of the external auditor; considering and approving the remuneration and terms of engagement of the external auditor; and handling issues relating to resignation or dismissal of auditors;
  - (ii) reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
  - (iii) developing and implementing policy on engaging an external auditor (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) to supply non-audit services; and
  - (iv) acting as the key representative body for overseeing the Company's relations with the external auditor.
- 5.2 Review of financial information of the Company. The Audit Committee shall monitor the integrity of financial statements, annual reports and accounts, half-year reports and

(if prepared for publication) quarterly reports of the Company before submission to the Board. The Audit Committee should focus their review particularly on:

- (i) any changes in accounting policies and practices;
- (ii) major judgmental areas;
- (iii) significant adjustments resulting from audit;
- (iv) the going concern assumptions and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting.

5.3 The Audit Committee shall liaise with the directors and senior management and must meet at least twice a year with the Company's auditors. The Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts. It shall give due consideration to any matters raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors. It shall report to the Board of Directors on its decisions or recommendations, subject to legal or regulatory restrictions.

5.4 Oversight of the Company's financial reporting system, risk management and internal control systems

- (i) to review the Company's financial controls, internal control and risk management systems;
- (ii) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the Board of Directors and report to the Board of Directors on matters set out in the Code Provision C.3 of the Corporate Governance Code as set out in the Listing Rules;
- (iii) to discuss the risk management and internal control systems with the management and ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
- (iv) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;
- (v) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- (vi) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report;

- (vii) to consider of major investigations findings on risk management and internal control matters as delegated by the board or on its own initiative and management's response to these findings;
  - (viii) where an internal audit function exists, to ensure co-ordination between the internal and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
  - (ix) to review the group's financial and accounting policies and practices;
  - (x) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
  - (xi) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
  - (xii) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter; and
  - (xiii) to consider other topics, as defined by the board.
- 5.5 Post-Audit Review Activities. In connection with or following the completion of its review of the external audit and internal audit, the Audit Committee or its Chairman may in their discretion meet with the external auditor, internal auditors or management to discuss any changes required in the audit plans for future periods and any other appropriate matters regarding the audit process.

## **6 Review of this Charter**

The Audit Committee may review this Charter annually, and may consider, adopt and submit to the Board of Directors any proposed changes that the Audit Committee deems appropriate or advisable.

(The English version shall prevail over the Chinese translation in case of any discrepancies or inconsistencies.)