

Saudi Arabian Mining Company (Ma'aden)

Audit Committee Charter



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The Board may amend this Audit Committee Charter or grant waivers in exceptional circumstances, provided that any such modification or waiver does not violate any applicable law, rule, regulation or the Company's Authority Matrix and further provided that any such modification or waiver is appropriately disclosed.

- The changes to the document shall be consecutively numbered and dated.
- The following log shall be used and signed off for all updates.

VERSION NO.	DATE	NAME AND INITIAL

1 INTRODUCTION

- 1.1 **Article 14 of the Corporate Governance Regulations issued by the Board of the Capital Market Authority (CMA)** in the Kingdom of Saudi Arabia, pursuant to its resolution number 1-212-2006 dated 21/10/1427H corresponding to 12/11/2006, require the establishment of the Audit Committee.
- 1.2 The Board of Directors (the Board) of Saudi Arabian Mining Company (hereinafter also referred to as “Ma’aden” or ‘the Company’), remains determined in its endeavor to at least meet, the CMA requirements. Accordingly, and to ensure the leading practice of governance to protect the shareholders and stakeholders rights, Ma’aden has prepared this Audit Committee Charter.
- 1.3 This Audit Committee Charter details the scope of the Audit Committee’s responsibilities and how it carries out those responsibilities, including its structure, process and membership requirements.

2 AUDIT COMMITTEE

- 2.1 The Board of Directors (BoD) has the overall responsibility for Ma'aden. However, the Board has delegated some of its responsibilities to its committees and the Company's executives.
- 2.2 The Audit Committee shall assist the Board of Directors in fulfilling its responsibilities with respect to the Company's internal control functions. In addition, the Audit Committee shall be responsible for overseeing the accounting and financial reporting practices and compliance with legal and regulatory requirements for the Company. The Audit Committee shall also review the accounting policies of the Company.
- 2.3 The Audit Committee shall closely monitor both the Company's Internal Audit Department and the External Auditors.
- 2.4 External Auditors are responsible for auditing and issuing an opinion on the Company's financial statements.
- 2.5 Internal Audit Department is responsible for evaluating the adequacy and effectiveness of the Company's Internal Control System, Risk Management and Corporate Governance processes. The Company's Internal Audit Department reports directly to the Audit Committee and the Board of Directors. Administratively Internal Audit Department reports to the President & Chief Executive Officer (CEO).
- 2.6 To preserve the independence and authority of the Internal Audit Department, the Company has followed the Institute of Internal Audit's recommendations that the Head of Internal Audit reports functionally to the Audit Committee and the Board of Directors. Reporting functionally means that the Audit Committee shall:
 - a. Approve the Internal Audit Charter.
 - b. Approve the Internal Audit Risk Assessment and related Internal Audit Plan.
 - c. Receive and review communications from the Head of Internal Audit on the results of the Audit activities or other matters that the Head of Internal Audit and/or the Audit Committee determines as necessary.
 - d. Call meetings with the Head of Internal Audit without management present.
 - e. Based on President & CEO recommendations, the Audit Committee will approve the annual compensation, performance appraisal and salary adjustment of Head of Internal Audit in line with the Ma'aden's compensation and benefits policy.
 - f. Make appropriate inquiries of management and Head of Internal Audit to determine whether there is scope or budgetary limitations that impede the ability of the Internal Audit Department to execute its responsibilities.

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- g. Assess whether the strength and resources of the Internal Audit Department is sufficient to carry out its duties unimpeded, and without compromise.
- 2.7 Administrative reporting is the reporting relationship within organisation's management structure that facilitates the day-to-day operations of the Internal Audit Department. The administrative reporting line of the Head of Internal Audit Department shall be to the Company's President & CEO to afford the Internal Audit Department appropriate support to accomplish its day to day activities. This support shall include positioning the Department and the Head of Internal Audit in the organization's structure in a manner that offers appropriate standing for the Department within the organization. Administrative reporting typically includes:
- a. Budgeting.
 - b. Human resource administration including personnel evaluations and compensation.
 - c. Internal communications.
 - d. Administration of the Company's internal policies and procedures.
 - e. Compliance with regulations.
- 2.8 The Audit Committee closely monitors three separate groups, on behalf of the Board and ensures that the Company is appropriately conducting business with the following three groups:
- (i) The Company's Internal Audit Department,
 - (ii) The Company's External Auditors,
 - (iii) The Examiners of the Regulatory bodies.
- 2.9 The Internal Audit Department shall not undertake any controlling function within the Company which may impair its independence.
- 2.10 Management shall be responsible for the preparation, presentation, and integrity of the Company's financial statements. It shall also be responsible for the appropriateness of the accounting principles and reporting policies that are used by the Company and for establishing and maintaining internal control over financial reporting.

3 ORGANISATION OF THE AUDIT COMMITTEE

3.1 Composition

- 3.1.1. The Board of Directors shall appoint an Audit Committee of at least three members who are non executive directors of the Board or independent professionals who are not Board members.
- 3.1.2. It is preferable that the number of Ma'aden Audit Committee members may not exceed 6 members.
- 3.1.3. Each Committee member will be both independent and financially literate, or become financially literate within a reasonable period of time. At least one of the Committee members shall be specialist in financial and accounting matters.
- 3.1.4. No Committee member shall simultaneously serve on the Audit Committee of a competitor of Ma'aden.
- 3.1.5. Neither the Chairman of the Board nor the Chairman of the Executive Committee will chair the Audit Committee.
- 3.1.6. **In line with Article 14 of Corporate Governance Regulations issued by the CMA** *“the General Assembly of shareholders shall, upon a recommendation of the Board of Directors, issue rules for appointing the members of the Audit Committee and define the term of their office and the procedure to be followed by the Committee”*.
- 3.1.7. In the absence of the Committee Chairman, the remaining present members shall elect one amongst themselves to chair the meeting.

3.2 The Chairman

- 3.2.1. The Chairman of the Audit Committee represents the Committee in the Board of Directors' meetings and to any other party. The Chairman can be assigned by the Board of Directors based on the Board members' recommendation, or such appointment can be delegated to the Committee.
- 3.2.2. The Chairman organizes the Committee's meetings, determines Audit Committee meetings' agenda and shall have access to all Company's information, records and he can meet with any member of the Company's management as required. The Chairman also sets up the Committee's procedures in line with this charter to facilitate the fulfillment of the Committee duties.

3.3 Secretary

- 3.3.1. A secretary can be assigned by the Committee. He can be one of the Committee's members or a non-Committee member and he can be from outside

the Board of Directors. If the secretary is not a Committee member, he will attend the Committee meetings without having any voting rights.

3.3.2. The secretary is responsible for the following:

- a. keeping complete records of the Committee's meetings for the purpose of issuing reports about the performance of the Committee to the Board of Directors;
- b. circulating the Committee resolutions to the concerned parties;
- c. coordinating with concerned departments regarding Committee resolution that necessitate legal compliance and regulatory procedures;
- d. establishing a mechanism for tracking and following-up the Committee resolutions; and
- e. execute any other tasks or responsibilities assigned to him by the Committee's Chairman or any of its members.

3.4 Committee Term & Resignation

3.4.1. The term of the Committee shall be in line with the term of the Board of Directors of Ma'aden.

3.4.2. Audit Committee members can resign by informing the Chairman of the Committee as well as the Chairman of the Board in writing. The resignation will be effective with immediate effect unless a specific date is specified in the resignation letter. Upon the resignation of a Committee member, the Board of Directors will appoint a new member to the Committee.

3.5 Independence

3.5.1. All Audit Committee members shall be independent. In this context, the Audit Committee member shall not have any significant contractual or business relationship with the Company that could be seen to materially impair his capacity to act in an independent manner.

3.5.2. The Corporate Governance Regulations issued by the CMA define an Independent Director as a Board member who enjoys full independence.

3.6 Members Orientation

3.6.1. New Audit Committee members will be provided with an orientation program which will include presentations by executive management on the Company's strategic plans, its significant financial, accounting and risk management issues, its legal affairs, its compliance programs, its operations, its Conflict of Interest and Business Conduct Guidelines, its management structure, its key policies, practices, executive officers and its internal and external auditors. The orientation program may also include visits to Ma'aden's projects, to the extent practical. In addition each incoming members will be provided with copies of Ma'aden's Articles of Incorporation, the executive summary of the corporate

plan, previous internal audit reports, internal audit plans and other appropriate information.

3.7 Remuneration of the Committee

3.7.1. Each member of the Committee is entitled to the below compensation:

1. An attendance payment for each meeting attended by the Committee member and
2. Annual compensation.

3.7.2. Committee members who are resident outside Riyadh are entitled to all out of pocket expenses incurred by them to attend the meeting. Such expenses include a first class ticket (back and forth) from his place of residence to the Company's head office or to the place where the meeting is held as well as any accommodation and transportation expenses incurred by them.

3.7.3. Board of Directors reports presented to the General Assembly will disclose the remunerations and other payments made to the Committee members.

3.8 Meetings & Procedures

3.8.1. The Audit Committee shall meet at least quarterly or more as needed to conduct its duties. Meetings can be in person or through phone/video conference. Meeting invitations are sent one week in advance along with the meeting agenda and any other documents.

3.8.2. A member can't elect another member of the Committee to act on his behalf and to vote in the meetings.

3.8.3. The Committee will approve its yearly meeting schedule at the first meeting of each year. At the end of each meeting, the attendees appoint the time for next meeting. The presence of the majority of members of the Committee shall constitute a quorum.

3.8.4. All determinations of the Committee shall be made by majority voting of members present at a meeting duly called and held.

3.8.5. The Chairman shall have a casting vote in case of an equality of votes.

3.8.6. If there is a conflict or disagreement between Audit Committee and external / internal auditors or management, it shall be reported to the Board of Directors for direction.

3.8.7. The Chief Financial Officer (CFO), the Head of Internal Audit and a representative of the external auditors shall attend meetings of the Audit Committee at which issues relating to accounts and audit are discussed, but only at the invitation of the Committee through its Chairman.

3.8.8. The Committee shall keep written minutes of its meetings as detailed in this document under section 3.10 “Minutes of Meetings”.

3.9 Authority

3.9.1. The Committee shall have the access to resources and information necessary for it to discharge its duties and responsibilities.

3.9.2. Ma'aden's Audit Committee will decide on the level of its involvement in each Subsidiary / Affiliate. Such involvement will be subject, among other factors, to the Ma'aden ownership in the Subsidiary / Affiliate, the materiality and importance of the Subsidiary / Affiliate to Ma'aden, the existence of an Audit Committee at the Subsidiary / Affiliate level and the existence of a separate internal audit function in each Subsidiary / Affiliate. In case that the Subsidiary / Affiliate has a separate Audit Committee, Ma'aden shall ensure its proper representation in that Committee.

3.10 Minutes of Meetings

3.10.1 The deliberations and resolutions of the Audit Committee will be recorded in minutes. Such minutes will be kept with the Board of Directors' records. These minutes will be provided to the Committee members after the approval of all Committee members who attended the meeting.

3.10.2 The Committee's meetings will be documented as follows:

- a. Important discussions held in the meetings and their related decisions and recommendations shall be documented by the Committee's secretary.
- b. The minutes shall specify the date and the place of meeting, the name of attendees and absentees, summary of discussions held in the meeting and their related decisions and recommendations shall be recorded.
- c. The draft minutes shall be prepared by the Committee's Secretary within seven business days after each meeting and shall be sent to all Committee members for review. Any comments on the minutes from any of the Committee members shall be provided during a week from the draft's receipt date.
- d. The Committee's Secretary amends the draft minutes based on the members' comments and sends it attached with these comments to the Chairman.

- e. The Secretary of the Committee prepares the final minutes according to the Chairman's recommendations and sends it to the Committee members duly signed by the Chairman and himself.
- f. If any of the members recommend/suggest a topic to be discussed in the next meeting for the Committee, he may ask the Committee's Secretary to include it in the next meeting's agenda as one of the main subjects. The next meeting's agenda will be then decided by the Committee's Chairman as per 3.2.2.
- g. The signed copy of the minutes shall be kept attached with its related documents and correspondence in a special file.

3.11 Reporting Responsibilities

- 3.11.1 After each Committee meeting, the Chairman is responsible for submission to the Board of Directors, an official report regarding the matters, discussions and resolutions of the meeting.
- 3.11.2 The Committee shall also prepare an annual report concerning the number of meetings held during the year along with number of meetings attended by each member.

4 RESPONSIBILITIES OF THE AUDIT COMMITTEE MEMBERS

- 4.1 The Members shall make every effort to attend all Committee meetings and to effectively participate in discussions. The members shall inform the Chairman in writing in case of their absence.
- 4.2 The members shall maintain the Company's secrets gained through performing their duties and shall not publicize confidential information to shareholders out of the General Assembly or to any other party. In such cases, the member shall be dismissed from the Committee and can be held responsible for the financial damages caused.
- 4.3 The members of the Audit Committee shall not execute any executive job in the Company.
- 4.4 The members shall carry on good performance in executing their duties and responsibilities, and shall be updated in their domain in the interests of the Company.
- 4.5 The members shall be honest, truthful, objective and independent in performing their work.
- 4.6 The members shall not participate in any occupations that can violate the Conflict of Interest and Business Conduct Guidelines of the Company or its principles.
- 4.7 The members shall not accept any occupations that are liable to give rise to conflicts of interest with the Company, and those which may prevent them from executing their duties objectively.
- 4.8 The members are required to disclose all personal operations and their nature that are executed with the Company, and any personal relation with the Board of Directors and the Executive Management.

5 ROLE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

5.1 General

5.1.1. The Audit Committee's role and responsibilities include:

5.1.1.1. Overseeing the Company's Internal Audit department to ensure efficiency in performing its activities and tasks assigned by the Board.

5.1.1.2. Reviewing the internal audit plan and procedures including the Committee's opinions and recommendations.

5.1.1.3. Reviewing internal audit reports and pursuing corrective procedures for the weaknesses identified.

5.1.1.4. Recommending to the Board, the appointment or termination of the External Auditors and determining their fees, taking into consideration their independence upon recommendation.

5.1.1.5. Following up on the External Auditors activities and approving any activities beyond the audit's scope of work assigned to them during the performance of their duties.

5.1.1.6. Reviewing the audit plan with the External Auditor and commenting on it.

5.1.1.7. Reviewing auditor's notes on the financial statements and following up actions taken in this regard.

5.1.1.8. Reviewing the interim and annual financial statements before presenting them to the Board and providing opinion and recommendations on them.

5.1.1.9. Reviewing adopted accounting policies and providing opinion and recommendations to the Board.

5.1.2. In meeting its responsibilities, the Audit Committee shall:

5.1.2.1. Have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of management and all information relevant to its responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to provide assistance in the conduct of any investigation.

5.1.2.2. Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.

- 5.1.2.3. Review the Audit Committee Charter at least once every 3 years and have all the proposed revisions approved by the Board of Directors.
- 5.1.2.4. Perform such other functions assigned by the Company's Articles of Incorporation or the Board of Directors.
- 5.1.2.5. The Committee shall prepare, at least three months prior to year end, an annual plan and schedule of the Committee activities for the coming year.
- 5.1.2.6. The Committee shall discuss and review its performance at least annually to determine whether it is functioning effectively and agree actions on how they can improve their performance (refer to Appendix A for a specimen of Audit Committee effectiveness self assessment checklist). A report on the Committee's performance shall be submitted to the Board of Directors.
- 5.1.2.7. The Committee shall estimate and recommend the funding needed by the Committee for payment of:
- Fees to any consultants employed by the Committee; and
 - Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- 5.1.2.8. The Committee may call such additional meetings as the Chairman considers necessary for the Committee to fulfil its duties. The Secretary to the Committee shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to Committee members prior to each meeting.
- 5.1.2.9. The Committee may follow up the results of previous meetings and outstanding matters.

5.2 Internal Controls and Internal Audit Risk Assessment

- 5.2.1. For the purpose of carrying out internal audit work and preparation of Internal Audit Plan, the Committee shall review the internal audit risk assessment to decide on the effectiveness of internal audit plan.
- 5.2.2. The Committee shall consider and review with management, the External Auditors and the Head of Internal Audit:
- The effectiveness of, or weaknesses in, the Company's internal controls, the overall control environment, accounting and financial controls.
 - Any related significant findings and recommendations of the External Auditors and internal audit function together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls.

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- 5.2.3. The Committee shall review with the Head of Internal Audit and the External Auditors the coordination of audit efforts to ensure complete coverage of key business controls and high risk areas, improve efficiency and the effective use of audit resources.
- 5.2.4. The Committee shall discuss with management, Head of Internal Audit, and External Auditors, management's process for assessing the effectiveness of internal control over financial reporting including any significant deficiencies or material weaknesses identified.
- 5.2.5. The Committee shall review the Company's compliance and ethics programs, including consideration of legal and regulatory requirements and shall review with management its periodic evaluation of the effectiveness of such programs.
- 5.2.6. The Committee shall assess internal Risk Management processes for determining and managing key financial statement risk areas.
- 5.2.7. The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, if any.
- 5.2.8. In meeting its responsibilities, Audit Committee shall:
- Discuss the Company's policies with respect to risk assessment and risk management, and review contingent liabilities and risks that may be material to the Company and major legislative and regulatory developments which could materially impact the Company's contingent liabilities and risks.

5.3 Information Technology Systems Controls

- 5.3.1. The Committee shall consider and review with management, the External Auditors and the Head of Internal Audit:
- The effectiveness of, or weaknesses in, the Company's computerized information system controls and security.
 - Any related significant findings and recommendations of the External Auditors and Internal Audit Department together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in systems controls, including any significant risks related thereto and major controls over such activities.
 - The status and adequacy of management information systems and other information technology.
- 5.3.2. The Committee shall review with the Head of Internal Audit and the External Auditors the coordination of the audit effort to ensure complete coverage of key system controls and risk areas related to IT controls.

5.4 Financial Reporting

- 5.4.1. The Committee shall review published documents including Board's Annual Report to the General Assembly containing the Company's financial statements, including annual and interim reports, press releases, related to financial results and statutory filings and consider whether the information contained in these documents is consistent with the information contained in the financial statements.
- 5.4.2. The Committee shall ensure that Company generated financial statements are fairly stated and in accordance with the applicable accounting standards issued by SOCPA.
- 5.4.3. The Committee shall review the Company's accounting policies and provide recommendations to the Board.
- 5.4.4. The Committee shall review and discuss the annual audited financial statements and the results of External Audit prior to the Annual General Assembly Meeting of the Shareholders and prior to filing of the Company's Annual Report. Also, the Committee shall discuss the results of the annual audit and any matters required to be communicated to the Committee by External Auditors under the Ministry of Commerce and Industry rules.
- 5.4.5. The Committee's review of the financial statements shall include:
- a. The Company's annual financial statements and related footnotes.
 - b. Any significant changes required in the external auditor's audit plan.
 - c. Any serious difficulties or disputes with management encountered during the course of the external or internal audits.
 - d. The significant estimates and judgments underlying the financial statements, including the rationale behind those estimates as well as the details on material accruals and reserves.
 - e. Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and issues related to the adequacy of the Company's internal control over financial reporting and any specific remedial actions adopted in light of significant deficiencies or material weaknesses.
 - f. Discussion with management and External Auditors on significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments.
 - g. Consideration of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements.
 - h. Consideration of the judgment of both management and External Auditors about the quality, not just the acceptability of accounting principles.
 - i. The clarity of the disclosures in the financial statements.

- 5.4.6. The Committee shall discuss with External Auditors, prior to the Annual General Assembly Meeting of the Shareholders and filing of the Company's Annual Report, all critical accounting policies and practices of the Company, all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the implications of the use of such alternative treatments and disclosures and the treatment preferred by External Auditors.
- 5.4.7. The Committee shall review all related party transactions required to be disclosed, the business rationale for the transactions and whether appropriate disclosures have been made in the financial statements of the Company.
- 5.4.8. The Committee shall discuss with management, Head of Internal Audit, and External Auditors any changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting that are required to be disclosed and also any other changes in internal control over financial reporting that were considered for disclosure in the Company's periodic filings and corrected by the Company.
- 5.4.9. In meeting its responsibilities, Audit Committee shall:
- Meet with the Company's Head of Internal Audit, the External Auditors, and management in separate sessions to discuss any matters that the Committee or these parties believe should be discussed privately with the Audit Committee.
 - Review all written communications made by the management of the Company to the Ministry of Commerce and Industry and Capital Market Authority regarding the Company's financial statements, compliance with laws and regulations and the fair presentation of the financial statements.

5.5 External Audit

- 5.5.1. In appointing an external auditor for the Company, the Company and the Audit Committee shall comply with the related guidelines issued by the Ministry of Commerce and Industry (MOC&I) in its resolution no.903 dated 12/08/1414 H.
- 5.5.2. An invitation for external audit proposals should be requested from the firms short-listed by the Audit Committee. A formal documented evaluation of the auditors included in the short-list should be carried out by the Head of Internal Audit and CFO which is agreed with the President & CEO. The evaluation should take into account specific industry expertise, size of the audit firm, other similar audits, the value that could be added as well as the fees. The evaluation and management's recommendation shall be submitted to the Audit Committee for review. The Committee's recommendations will be subject to the Board's approval and the Annual General Meeting's ratification.
- 5.5.3. In relation to the External Auditor, the Committee shall:

- a. Recommend a frequency for change/rotation of External Auditors on a periodic basis.
- b. Review the scope and approach of the annual audit with the External Auditors. The Committee shall discuss with the Internal Audit Department and the External Auditors the overall scope and plans for their respective audits, including the adequacy of staffing and budget of the Internal Audit Function.
- c. Assess the External Auditors' procedures for identifying and responding to key audit and internal control risks.
- d. Confirm and ensure the independence of External Auditors, including a review of the nature of all services and related fees provided by the External Auditors. At least annually, the Committee shall obtain and review a report by the External Auditors describing all relationships between the External Auditors and the Company, members of Board of Directors and Senior Management (to assess the auditors' independence).
- e. The Committee shall pre-approve all audit and non-audit services provided by the External Auditors, including specific pre-approval of internal control-related services, and shall not engage the External Auditors to perform non-audit services prohibited by law or regulation.
- f. Consider, review and follow-up with management any findings raised as part of the external auditor's management letter, and management's response thereto, including timetable for implementation of any recommendations.
- g. The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of the External Auditors (including resolution of disagreements between management and external auditor regarding financial reporting and internal control-related matters) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company.
- h. After reviewing the foregoing report and the External Auditors' work throughout the year, the Committee shall evaluate and report on the External Auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of management and the Company's executives.
- i. The Committee shall regularly review with the External Auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the External Auditors' activities or access to requested information, and management's response. The Committee should review any accounting adjustments that were noted or proposed by the auditors but were not recorded in the books of the Company and not reflected in the financial statements of the relevant period, based on materiality or otherwise.
- j. Provided that at least once a year, the Audit Committee may at the request of the Committee's members meet the external auditors without the CFO being present.

5.6 Internal Audit

- 5.6.1. The Audit Committee's responsibilities include overseeing the Company's Internal Audit department to ensure efficiency in performing its activities and tasks assigned by the Board. In fulfilling this responsibility, the Committee shall:
- a. Evaluate the internal audit procedures for establishing the annual internal audit plan.
 - b. Review, the internal audit scope, internal audit risk assessment and nature of the internal audit plan and any subsequent changes, including whether or not the internal audit' plan is sufficiently linked to the Company's overall business objectives and management's success and risk factors.
 - c. The Audit Committee and the Head of Internal Audit should discuss internal audit reports and management's actions related to the internal audit reports.
 - d. The Audit Committee shall review and discuss all the follow-up reports of the internal audit as well as the status of all the significant points/observations in the internal audit report.
 - e. The Committee shall review and discuss with the Board of Directors, the Internal Audit Department's budget and staffing.
 - f. The Committee shall review and concur in the appointment, remuneration, appraisal, replacement, reassignment, or dismissal of the Head of Internal Audit, and his staff.
 - g. The Committee shall confirm and ensure the independence of the Head of Internal Audit.
 - h. The Committee shall receive reports from the Head of Internal Audit and approve any changes to the annual internal audit plan. The Chairman of the Committee shall meet with the Head of Internal Audit, when required, to discuss issues requiring Committee's attention.
 - i. The Audit Committee shall meet the Head of Internal Audit and other members of the internal audit Department without the CFO and the External Auditors being present, to discuss the performance of audit department and access to all required information, documents and manuals of the Company.
 - j. The Committee shall consider and review with Internal Audit function:
 1. Significant findings reported by the Internal Audit Department during the year and management's responses thereto, including the timetable for implementation of the recommendations to correct weaknesses identified.
 2. Any difficulties encountered in the course of the internal audits, including any restrictions on the scope of the work or access to required information.
 3. Any changes required in the planned scope of the audit plan.
 4. The internal audit manual.
 5. The annual Internal Audit was performed in accordance with the audit plan approved by the Audit Committee in their previous meetings.
 6. Follow up, with the Head of Internal Audit, management actions regarding unresolved audit issues raised by the Internal, External Auditors or other supervisory entities during the year.

7. Review the internal audit plan for coming year.
8. Other matters that should be discussed such as special investigations as well as Internal Audit Department's staff requirements, professional development of the internal audit staff, administrative support to the Department, and the Internal Audit Function responsibilities.

5.7 Enterprise Risk Management Function

- 5.7.1. The Audit Committee shall review the Risk Management Effectiveness Report prepared by the Internal Audit Department at the end of each year and may recommend improvements on the Company's Enterprise Risk Management Framework and Strategy in line with ERM Governance manual. Appendix A.
- 5.7.2. The Committee shall have the access, as deemed necessary, to all reports sent by the Risk Management department to the President & CEO.

6 COMPLIANCE WITH LAWS AND REGULATIONS

- 6.1. The Committee shall review with the Head of Internal Audit and the External Auditors the results of their review of the Company's monitoring of compliance with the Company's Conflict of Interest and Business Conduct Guidelines.
- 6.2. The Committee shall insure the effectiveness of the Company's procedures in identifying legal and non compliance risks.
- 6.3. The Committee shall review the organizational, legal, Zakat & tax matters that affect the company's businesses, its financial statements and its compliance policy.
- 6.4. The Committee shall review the scope and status of systems designed to promote Company compliance with laws, regulations, internal procedures and the Conflict of Interest and Business Conduct Guidelines through review of reports from Internal Audit Department and third parties as determined by the Audit Committee.

7 APPROVAL

- 7.1. This Audit Committee Charter was approved by the Board of Directors at their meeting held on 23/02/2010.
- 7.2 This Audit Committee Charter was proposed by the Board of Directors and approved by the General Assembly Meeting held on 24/04/2010.

Chairman of the Board

Board Secretary

APPENDIX A

The attached below is a specimen of a checklist that could be used by the Audit Committee to assess its effectiveness in discharging its responsibilities as mentioned in its Charter. However, this checklist is limited in nature and does not necessarily cover all matters related to the Audit Committee effectiveness. The Audit Committee may review this checklist from time to time and update it as deemed necessary.

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
A	Risk Management	
1	The Audit Committee has assessed the effectiveness of the risk management processes used by management.	1 2 3 4 5
2	The Audit Committee meets periodically with the Enterprise Risk Management (ERM) Director or his equivalent to understand relevant risks facing the organization and how those risks are monitored for possible financial reporting implications.	1 2 3 4 5
3	The Audit Committee periodically meets with key members of management such as legal counsel, the chief financial officer, the director of environmental compliance, and others to assist in identifying significant risks.	1 2 3 4 5
4	The Audit Committee reviews and understands the processes used by management, the external auditor, and the internal auditor to identify and respond to risks related to critical third-party interdependencies (suppliers, customers, outsourced operations, counterparties) that influence the organization's operations.	1 2 3 4 5
5	The Audit Committee questions management and the external auditor about how they assess the risk of material misstatement, what the major risk areas are, and how they respond to identified risks.	1 2 3 4 5
6	The Audit Committee reviews and obtains an understanding of the processes used by management, the external auditor, and the internal auditor to identify and respond to risks related to subsidiary locations, joint ventures, equity affiliates, off-balance-sheet transactions, and related entities.	1 2 3 4 5
7	The Audit Committee has an understanding of the company's critical business continuity risks and management's plans to address such risks.	1 2 3 4 5

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
A	Risk Management (cont'd)	
8	The Audit Committee discusses with management the guidelines and policies utilized with respect to financial risk assessment and management, the major financial risk exposures and the procedures to monitor and control such exposures in order to assist the Committee to assess the completeness, adequacy and appropriateness of financial risk disclosure in Management's Discussions and Analysis (MD&A) and in the financial statements.	1 2 3 4 5
9	The Audit Committee ascertains that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value and reviews such policies and procedures periodically.	1 2 3 4 5
10	The Audit Committee reviews foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments.	1 2 3 4 5
11	The Audit Committee reviews insurance programs in place and evaluates their appropriateness.	1 2 3 4 5

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
B	Financial Reporting and Compliance	
1	The Audit Committee requests and obtains sufficient information related to important financial reporting issues, such as the use of complex financial instruments, areas of judgment or high subjectivity, unusual transactions, and changes in accounting policies.	1 2 3 4 5
2	The Audit Committee reads the Company's annual report, financial statements, and MD&A to determine if anything is inconsistent with its own knowledge, including areas such as liquidity, unusual transactions, and off-balance-sheet arrangements.	1 2 3 4 5
3	The Audit Committee understands why critical accounting principles were chosen and how they were applied, and considers the quality, not just the acceptability, of financial accounting and reporting, including the transparency of disclosures.	1 2 3 4 5
4	The Audit Committee understands the process used by management to identify related parties and considers the transparency of the related-party disclosures.	1 2 3 4 5
5	The Audit Committee obtains from management and the external auditors an understanding of significant transactions and how they were accounted for, such as acquisitions, dispositions, and special-purpose entities.	1 2 3 4 5
6	The Audit Committee reviews all unrecorded audit adjustments with management and the external auditors and obtains an understanding as to why they were not recorded.	1 2 3 4 5

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
B	Financial Reporting and Compliance (cont'd)	
7	The Audit Committee asks the external auditor about pressures on management that may have an impact on the quality of financial reporting, such as earnings targets and performance measures.	1 2 3 4 5
8	The Audit Committee makes inquiries of management and the external auditor on the experience and sufficiency of the audit team assigned to the engagement.	1 2 3 4 5
9	The Audit Committee reviews and pre-approves, in accordance with an established pre-approval policy, all services (audit and non-audit) to be provided to the Company or its subsidiary entities by the external auditor. In performing such a review, the Committee ensures that none of the services to be provided would breach the external auditors' independence.	1 2 3 4 5
10	The Audit Committee reviews the external auditor's scope and audit plan to its satisfaction prior to commencement of the audit.	1 2 3 4 5
11	The Audit Committee chairman meets with the external and internal auditors outside of the regularly scheduled meetings to encourage open and frank dialogue.	1 2 3 4 5
12	The Audit Committee's Chairman communicates to the external auditor the expectation that the external auditor will contact the Committee when necessary.	1 2 3 4 5
13	The Audit Committee is satisfied that management exhibits the proper "tone at the top" and is committed to promoting high-quality financial reporting and strong internal controls.	1 2 3 4 5

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
B	Financial Reporting and Compliance (cont'd)	
14	The Audit Committee reviews business practices followed by senior management to assess compliance with appropriate Corporate Policies and the Conflict of Interest and Business Conduct Guidelines and to address deficiencies in such compliance.	1 2 3 4 5
15	The Audit Committee satisfies itself that adequate procedures are in place for the review of the company's public disclosure of financial information extracted or derived from the financial statements, and periodically assesses the adequacy of those procedures	1 2 3 4 5
16	The Audit Committee reviews the President & CEO/CFO certifications. The Committee inquires as to practices and procedures adopted to permit managements' assurance on the underlying controls.	1 2 3 4 5
17	The Audit Committee reviews fraud prevention policies and programs, and monitors their implementation	1 2 3 4 5
18	The Audit Committee reviews and approves the Company's hiring policies regarding partners, employees and former partners and employees of the current and former external auditor.	1 2 3 4 5
19	The Audit Committee discusses with the external auditors the rotation plan for all audit partners active on the engagement.	1 2 3 4 5
20	At least annually, the Audit Committee reviews and discusses with the external auditors, the policies and procedures followed to ensure the maintenance of the external auditors' independence.	1 2 3 4 5
21	The Audit Committee has ensured there are direct channels of communication between itself, and (i) management, (ii) the internal auditor and (iii) the external auditor to allow the discussion of and review of specific issues as required.	1 2 3 4 5

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
C	Internal Control Environment	
1	The Audit Committee receives enough information to review, understand, and assess the organization's system of internal controls, including information technology controls.	1 2 3 4 5
2	Along with having the sole authority to recommend the hiring and firing and compensation of the external auditor to the board, the Committee reviews the terms of engagement of the external auditor, including their qualifications, professional competence, experience and performance. If required, the Committee reviews management's plans for an orderly transition to a new external auditor. The external auditor reports directly to the Audit Committee.	1 2 3 4 5
3	The Audit Committee is directly responsible for overseeing the work of the external auditor, and is effective at resolving any disagreements between management and the external auditor regarding financial reporting.	1 2 3 4 5
4	The Audit Committee makes inquiries of the external auditors and management on the depth of experience and sufficiency of staff in the finance and internal audit organizations.	1 2 3 4 5
5	The Audit Committee reviews the internal audit plan annually.	1 2 3 4 5
6	The Audit Committee reviews the management recommendation letters, written by the internal and external auditors, to ensure that all significant matters are properly addressed.	1 2 3 4 5
7	The Audit Committee assesses both the compliance effectiveness and the value of service of the internal audit department.	1 2 3 4 5

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
D	Corporate Governance	
1	The Board of Directors or Audit Committee assesses the financial literacy of audit Committee members in accordance with the applicable accounting rules and regulatory procedures.	1 2 3 4 5
2	The Audit Committee has an orientation program to educate new members on their responsibilities.	1 2 3 4 5
3	The Audit Committee participates in a continuing education program to enhance Audit Committee members' understanding of relevant accounting and reporting areas.	1 2 3 4 5
4	Management, the external auditors, and the Board of Directors provide input on the Audit Committee Charter and meeting agendas.	1 2 3 4 5
5	Audit Committee meetings are scheduled with sufficient time to cover all agenda items.	1 2 3 4 5
6	The Audit Committee and/or its Chairman have a process in place to review significant issues with management and the external auditors prior to quarterly and annual earnings releases.	1 2 3 4 5
7	The Audit Committee is authorized to retain independent counsel, accountants, or other advisors to assist in investigating any matters within the Committee's scope, as appropriate.	1 2 3 4 5
8	The Audit Committee is informed of communications received from governmental or regulatory agencies, or similar parties, relating to areas of alleged violations or noncompliance.	1 2 3 4 5

	Rate Effectiveness (1 = less effective; 5 = highly effective)	Comments
D	Corporate Governance (cont'd)	
9	The Audit Committee establishes procedures for the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters, as well as the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.	1 2 3 4 5
10	The Audit Committee has a written Charter that sets out its mandate and responsibilities. In consultation with management and the external auditors, an annual Audit Committee work plan is developed to ensure all responsibilities as set out in the Charter are adequately met. The Audit Committee performs an evaluation of its' performance in relation to the mandate annually. The Audit Committee reviews and assesses such mandate annually.	1 2 3 4 5

