

ZIMPLATS HOLDINGS LIMITED

AUDIT COMMITTEE CHARTER

August 2009

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The Committee

1.1 Constitution

- 1.1.1 The Zimplats Holdings Limited (“Zimplats”) Board has established a Committee known as the Audit Committee (“the Committee”). This Committee is constituted in terms of the requirements of sound corporate governance practices and shall operate within that framework. The Committee is answerable to and reports to the Board.
- 1.1.2 The main purpose of the Committee is to assist the Board in discharging its duties relating to:
- a. oversight of the integrity of the Company’s financial statements;
 - b. the Company’s compliance with legal and regulatory requirements;
 - c. the independent auditors qualifications and independence;
 - d. the performance of the independent auditors and the Company’s internal audit function;
 - e. the safeguarding of Zimplats’ assets;
 - f. the operation of adequate systems and control processes;
 - g. the operation of adequate risk management processes (in the absence of a separately constituted Risk Management Committee);
 - h. the monitoring of the ethical behaviour of directors, employees and other relevant stakeholders of Zimplats; and
 - i. the preparation of accurate and timely financial reports and statements;
- in compliance with all applicable legal requirements and accounting standards.
- 1.1.3 The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company’s consolidated annual financial statements, reviews of the Company’s consolidated half yearly financial statements prior to the filing of each half yearly report and other procedures. In fulfilling their responsibilities hereunder, it is recognised that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, performing the functions of auditors or management. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards.
- The Committee shall act primarily in an advisory capacity. It shall have no executive responsibilities and shall not perform or assume any management functions. It shall provide a forum for independently and objectively examining business and financial risks and control issues that affect Zimplats and for developing relevant recommendations for consideration by the Board.
- 1.1.4 The deliberations of the Committee shall not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities and they must continue to exercise due care and judgement in accordance with their statutory obligations. Nevertheless board members should be able to rely substantially, but not entirely, on the deliberations of the Committee in assessing whether they have discharged certain of their statutory and fiduciary obligations.

- 1.1.5 The membership, responsibilities, authorities and resources (composition, functions and operation) of the Committee to enable it perform its role effectively, are stipulated in these terms of reference.
- 1.1.6 The terms of reference of this Committee shall be reviewed regularly to ensure that the Committee objectives are being met and that they are sufficiently flexible to adjust to the changing needs of the business, and take cognisance of legislative changes in corporate governance and law.
- 1.1.7 These terms of reference may be amended as required, subject to the approval of the Board.

1.2 **Membership**

- 1.2.1 The Board shall from time to time, review the composition of the Committee, taking into account the need for an adequate combination of financial literacy, business skills and knowledge.
- 1.2.2 The majority of the members shall possess the necessary financial expertise and experience to serve the Committee. At least one member shall preferably have relevant operational experience.
- 1.2.3 Members shall be appointed by the Board and the majority, where possible, shall be independent. The members shall consist of not less than three non-executive directors.
- 1.2.4 The members shall serve for a period of three years. Retiring members shall be eligible for re-appointment.
- 1.2.5 The Board shall appoint a chairperson, preferably from the non-executive members of the Committee. The chairperson of the Board shall not be eligible to be appointed as chairperson of the Committee.
- 1.2.6 The Board shall have the power at any time to:
 - a. remove any member from the Committee;
 - b. fill any vacancy on the Committee; and
 - c. appoint additional members.
- 1.2.7 The Company Secretary shall be the secretary of the Committee.

1.3 **Reporting and accountability**

- 1.3.1 The chairperson of the Committee shall account formally to the Board for the Committee's activities and shall make recommendations to the Board concerning the adoption of the annual and interim financial statements and any other matters arising from the above responsibilities.
- 1.3.2 In particular, the Committee shall contribute to and approve the reporting of the activities of the Committee in the Annual Report and any other applicable external company communication.
- 1.3.3 The chairperson of the Committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.

1.4 **Meetings and proceedings**

- 1.4.1 Meetings and proceedings of the Committee shall be governed by the Zimplats' articles of association.
- 1.4.2 The Committee will normally meet at least four times a year and such meetings shall be aligned with Board meeting requirements and timing.

- 1.4.3 The Board or any member thereof, including members of the Committee, the external auditors and the internal auditors, may call further meetings, as required and with the support of a Committee member.
- 1.4.4 The representative of the chief executive, chief financial officer, risk executive, representatives of the external auditors, representatives of the internal auditors and, as required, other senior executives and/or professional advisors shall be invited to attend scheduled meetings of the Committee and shall have the right to be heard.
- 1.4.5 Any member of Zimplats' Board has the right to attend and be heard at Committee meetings.
- 1.4.6 The members of the Board, chief executive, chief financial officer, risk executive, the external auditors and the internal auditors shall have unrestricted access to the chairperson or any other member of the Committee in relation to any matter falling within the remit of the Committee.
- 1.4.7 Reasonable notice of meetings and the business to be conducted, together with all relevant supporting documentation, shall be given to the members of the Committee and all invitees.
- 1.4.8 Any Board member, Committee member or invitee may raise issues or make proposals for consideration at Committee meetings, provided the matters raised are supported by a Committee member.
- 1.4.9 The quorum for decisions of the Committee shall comprise any two members of the Committee.
- 1.4.10 The Committee members and attendees will, where possible, work by consensus.
- 1.4.11 Only Committee members shall be entitled to vote.
- 1.4.12 The secretary shall take minutes of meetings, which shall be reviewed and approved by the members of the Committee.
- 1.4.13 The minutes of all Committee meetings shall record the proceedings, decisions taken and reasons therefore and the recommendations to be made to the Board. The minutes shall be submitted to the Board meeting following that of the Committee.
- 1.4.14 The agenda for each Board meeting shall provide an opportunity for the chairperson of the Committee to report on any matters of importance as well as on the Committee's findings and recommended actions.

1.5 **Authority and resources**

- 1.5.1 The Committee, in carrying out its tasks under these terms of reference:
 - a. is authorised to investigate any activity within its terms of reference;
 - b. may, at the discretion of the Committee, require other employees or advisors of the company to attend meetings or parts of meetings;
 - c. may consult with and/or seek any information or advice it requires from any employee. All employees shall be required to co-operate promptly and in full with any request made by the Committee in the course of its duties;
 - d. may obtain, at Zimplats' expense, whatever outside or other independent professional and expert advice as it considers necessary to carry out its duties; and
 - e. shall meet at least once a year, on an individual basis, with the external auditors, the internal auditors, the chief executive and the chief financial officer, without any executive member of the Board in attendance.

1.6 **Remuneration**

- 1.6.1 In respect of the responsibilities, functions and activities required of the members of the Committee, which are in addition to their functions as directors, members of the Committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board, in addition to the annual fees payable to directors.

2 Responsibilities

2.1 External auditors and external audit

- 2.1.1 The Committee shall recommend to the Board the external auditor/s to be considered for appointment to Zimplats.
- a. The appointment of the external auditor/s shall be formally reviewed at least every five years.
 - b. The Committee shall screen and obtain written proposals from several candidate firms to enable it to arrive at its recommendation.
- 2.1.2 The Committee shall develop a policy to govern any non-audit services rendered by the external auditor/s in order to ensure that any non-audit services will not impair the independence of the external auditor/s.
- 2.1.3 In terms of the services rendered to Zimplats by the external auditor/s, each year the Committee shall:
- a. evaluate the performance, independence and effectiveness of the external auditor/s;
 - b. consider and make recommendations on the appointment and retention of the external auditor/s, see above, and on any questions of resignation or dismissal of the auditor/s;
 - c. review the overall audit role, to explore objectives, minimise duplication between the external auditors and internal auditors, discuss the implications of new auditing methodologies and standards and other relevant regulations and ensure that the external audit fee will sustain a full and proper audit and provide value for money;
 - d. before the audit commences, discuss and review with the external auditor/s the engagement letter/s; the terms, nature and scope of the audit function; procedures and engagement; the audit fee; and, if more than one audit firm is involved, the co-ordination of the audit and the maintenance of a professional relationship between the audit firms involved;
 - e. subject to agreement, and as required, negotiate procedures beyond the minimum non-negotiable statutory and professional duties required from the external auditor/s;
 - f. meet with the external auditor/s at least once per year outside the formal audit committee meeting; and
 - g. keep the nature and extent of any non-audit services under review.
- 2.1.4 Prior to the publication of any financial information requiring the services of the external auditor/s, the Committee shall:
- a. ensure that Zimplats' major activities, key results areas, critical functions and risk exposures are adequately addressed;
 - b. consider whether any significant ventures, investments or interests that are not under Zimplats' direct control should not be subject to external audit or review;
 - c. obtain an understanding of the materiality parameters used by the external auditors and consider whether they are appropriate. The Committee shall review the schedule of unadjusted differences prepared by the external

- auditors and consider whether there may be grounds for making adjustments notwithstanding the materiality limits;
- d. review Zimplats' accounting policies to ensure they adequately reflect the nature and scope of Zimplats' business and operations;
 - e. make suggestions as to any problem areas and/or contentious issues that the external auditor/s should examine;
 - f. consider any significant unusual or related party transactions, litigation and claims, accounting treatments, accounting judgements and estimates, to ensure that they are properly accounted for and that adequate disclosures are made;
 - g. assess the extent on any non-routine transactions, determine the proper accounting treatment and effect on the financial statements and ensure that appropriate disclosures exist;
 - h. consider the interrelationships between key transactions and investments and key operating and financial counterparties and ensure that they are properly accounted for and that adequate disclosures exist on terms, credit, collateral, and counterparties;
 - i. consider any off-balance sheet transactions and entities and ensure that adequate disclosures exist;
 - j. review Zimplats' debt structure, major liabilities and provisions, contingent liabilities, contingent obligations, commitments, and long term obligations;
 - k. review financial and enterprise-wide risk management policies and disclosures;
 - l. review the valuation methodologies applied to Zimplats' assets and liabilities and the resulting valuations;
 - m. consider Zimplats tax planning, compliance and risk management;
 - n. consider the basis and any problems identified in determining going concern;
 - o. consider any internal control problems identified by external audit;
 - p. ensure that, where appropriate, routine areas of the business not tested by internal audit are covered in the external audit;
 - q. obtain assurance from the external and internal auditors that adequate accounting records and controls are being maintained and that the financial statements fairly present the results of Zimplats routine transactions;
 - r. review any disagreements with management, which disagreements must be brought to the attention of the Committee, regarding the external audit and the manner in which agreement was reached;
 - s. obtain assurance that no undue pressure was exerted by management on the external auditor/s during the course of their audit in an attempt to influence the outcome of the audit; and
 - t. identify key issues arising in the current year's management letter and satisfy itself that these are being properly followed up.

2.2 Internal auditors and internal control

- 2.2.1 The Committee shall recommend to the Board the internal auditor/s to be considered for appointment to Zimplats.
 - a. The appointment of the internal auditor/s shall be formally reviewed at least every three years.
 - b. The Committee shall screen and obtain written proposals from several candidate firms to enable it to arrive at its recommendation.

- 2.2.2 The Committee shall ensure:
- a. the objectives of Zimplats' systems of internal control, including financial control and business risk management issues, are achieved;
 - b. effective control systems, proper and adequate accounting records and sound operational, financial and bottom line reporting systems are maintained;
 - c. relevant and effective criteria, measures and measurement methodologies are employed by the organisation to assess and report performance internally and externally; and
 - d. Zimplats' assets are properly safeguarded against unauthorised use and disposal;
- shall monitor and supervise the effective operation of the internal audit function.
- 2.2.3 The Committee shall consider whether or not the objectives, organisation, resourcing, financial budgets, audit scope and plans and standing of the internal audit provide adequate support to enable the Committee to meet its objectives.
- 2.2.4 The Committee shall ensure that the roles and functions of the external audit with internal audit are sufficiently clarified and coordinated in order to provide an objective overview of the operational effectiveness of the company's systems of internal control and reporting.
- 2.2.5 The Committee, in so doing, shall:
- a. review, update if necessary, and approve the internal audit charter, objectives, audit plans, operations and conclusions with regard to internal control;
 - b. review the co-operation and co-ordination between the internal audit function and the external auditor/s and deal with any issues of material or significant dispute or concern;
 - c. coordinate the formal internal audit work plan with the external auditor/s to avoid duplication of effort;
 - d. ensure there is an appropriate level of focus by internal audit on controls over financial and operational risks;
 - e. review the internal audit function's compliance with its mandate as approved by the Committee;
 - f. evaluate the performance, independence and effectiveness of internal audit;
 - g. assess the adequacy of internal audit resources;
 - h. review and approve the annual budgeted expenditures for internal audit; and
 - i. consider the appointment or dismissal of the internal auditors'.
- 2.2.6 The Committee shall ensure that the internal auditors discharge their functions effectively and in a timely manner, by:
- a. reviewing regularly the results of work performed by the internal audit function in relation to internal control, financial reporting, corporate governance and any significant investigations and the management responses arising therefrom;
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- b. obtaining an assessment of the areas not tested by the internal auditors during the period;
- c. reviewing significant matters reported by the internal audit function;
- d. reviewing significant interference by or differences of opinion between management and the internal audit function, which issues must be brought to the attention of the Committee;
- e. directing and supervising investigations into matters within the Committee's scope, for example, post completion audits of capital expenditures, investigations into employee fraud, misconduct or conflicts of interest; and
- f. reviewing the adequacy of corrective action taken in response to significant internal audit findings.

2.2.7 The committee shall review the company's statement on internal control systems prior to endorsement by the board, and in particular consider:

- a. the operational effectiveness of Zimplats, policies and procedures;
- b. the procedures for identifying major business risks and managing their impact on Zimplats';
- c. Zimplats' policies for preventing or detecting fraud; and
- d. Zimplats' policies for ensuring that the company complies with relevant regulatory and legal requirements.

2.3 Risk management

2.3.1 The Committee shall regularly review the outcome of the enterprise wide risk management process and shall pay particular attention to:

- a. the risk management policies adopted by Zimplats, in particular those of a financial and administrative nature;
- b. the overall processes for identifying and assessing the key business, operational (mining, processing and refining), financial, commercial and information risks;
- c. the methodologies adopted to prioritise and manage the key risks faced by Zimplats;
- d. the regular assurance reports received from the external and internal auditors, management and professional advisors on the operational effectiveness of the risk management measures applied by Zimplats; and
- e. the measures applied by Zimplats to information security with respect to the reliability, availability and confidentiality of its information in order to optimise its competitive position.

2.3.2 The Committee shall facilitate and promote proper communication of risk related matters between the Board and executive management.

2.4 Financial information

2.4.1 The Committee shall examine and review the annual financial statements, the interim reports, the accompanying reports to shareowners, the preliminary announcement of results, special documents such as prospectuses, and any other announcement (ad hoc as well as routine) regarding the company's results or any other financial information to be made public, prior to submission and approval by the Board. The Committee shall focus particularly on:

- a. any changes in accounting policies and practices;
- b. compliance with local and international accounting standards;
- c. the selection, judgements, estimates and uncertainties affecting the application and disclosure of critical accounting policies and the likelihood that materially different results would be reported under different conditions and/or assumptions;
- d. compliance with the relevant stock exchange, legal and financial regulations;
- e. the parameters determining fair value;
- f. major transactions and investments on and off balance sheet;
- g. debt instruments and compliance with the financial covenants;
- h. major liabilities and provisions;
- i. major assets and investments;
- j. the efficacy of any major adjustments processed at year end;
- k. significant adjustments resulting from the audit;
- l. tax and litigation matters involving uncertainty;
- m. the basis on which the company has been determined a going concern;
- n. capital (fixed and working) adequacy (for example Zimplats' ability to fund dividend payments);
- o. other major judgmental areas;
- p. the implementation of new systems; and
- q. internal control issues.

2.4.2 In so doing, the Committee will also:

- a. review the quality and integrity of financial information, interim and final financial reports and statements and other public and regulatory financial reporting;
- b. review the annual report and accounts taken as a whole to ensure they present a balanced and understandable assessment of the position, performance and prospects of Zimplats;
- c. discuss problems and reservations arising from the audit, and any matters the internal and external auditors may wish to discuss and, if required, hold the discussions in the absence of executive directors and any other person that is not a member of the Committee;
- d. review the external auditor/s proposed audit certificate;
- e. review the external auditors' management letter and management response; and
- f. review the credibility, independence and objectivity of the auditor(s), taking into account their audit and non-audit services.

2.5 Responsibilities of management

2.5.1 Management shall present the interim and financial results of the company to the Committee and provide suitable explanations of the company's performance relative to the industry and to management's expectations. The Committee shall consider whether the results are:

- a. in line with the Committee's understanding of Zimplats and the platinum industry;

- b. consistent with the current and previous representations by management; and
 - c. aligned with the Committee's deliberations with the external and internal auditors.
- 2.5.2 Each year management shall submit a letter of representation, signed by the chief executive and the chief financial officer, to the Committee to provide assurance to the Committee on the preparation and presentation of the financial results. It is the responsibility of the chief financial officer to ensure that appropriate representations are made to him by individuals responsible for the underlying preparation and presentation of the financial results.

2.6 Ethics and governance

- 2.6.1 The Committee shall assist with the establishment of a clearly defined and documented Code of Ethics, giving due cognisance to the various statutory, common law and other requirements that cover the ethical behaviour of the directors and employees of Zimplats.
- 2.6.2 The Committee will be responsible for:
- a. reviewing any statements on ethical standards or requirements for Zimplats and assisting in developing the standards and requirements; and
 - b. ensuring that adequate systems exist to monitor and report on adherence to and offences against, including steps to prevent their recurrence:
 - i Zimplats' code of corporate governance;
 - ii these terms of reference;
 - iii Zimplats' code of ethics;
 - iv the articles of association;
 - v the relevant laws and the regulations that govern Zimplats' operations and business conduct; and
 - vi Zimplats' social, safety, health and environmental policies and practices.
- 2.6.3 The Committee will also make recommendations on any potential conflict of interest or questionable situation of a material nature.
- 2.6.4 The Committee will review any significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by Zimplats' employees or, where Zimplats' is affected, other relevant stakeholders.
- 2.6.5 The Committee shall also ensure that appropriate procedures exist to monitor directors' declarations on the nature and extent of their interest in contracts and on the extent of their interests and dealings in Zimplats' shares.
- 2.6.6 Review and confirm the approach adopted by Zimplats in relation to Reportable Irregularities, agreeing the policy on:
- the auditors obligation to report such matters;
 - how the requirement affects the Zimplats group, and
 - action that the Zimplats Audit Committee and Board should consider and take.

3 General

- 3.1 With respect to reporting and recommendations, the Committee is required to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.

- 3.2 The Committee shall establish a process whereby the effectiveness of the Committee and its members is evaluated on an ongoing basis and the performance evaluation shall compare the performance of the Audit Committee with the requirements of this Charter.
 - 3.3 The performance evaluation shall also recommend to the Board any improvements to the Audit Committee's charter deemed necessary or desirable by the Audit Committee. The performance evaluation by the Audit Committee shall be conducted in such manner as the Audit Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Audit Committee or any other member of the Audit Committee designated by the Audit Committee to make this report.
 - 3.4 The ongoing training and education needs of the Committee members shall be established on an annual basis and shall be provided at Zimplats' expense, as well as any ad hoc needs and requirements that may arise from time-to-time, to ensure:
 - 3.4.1 the Committee is financially literate and up-to-date with current developments in accounting, auditing, corporate governance, risk management, ethics, taxation and other related financial issues;
 - 3.4.2 the Committee remains abreast of developments in the industry and economy within which Zimplats operates; and
 - 3.4.3 at least one member of the Committee is fully proficient in understanding the implications of current and planned accounting and auditing standards.
 - 3.5 The committee will consider any other relevant matters referred to it by the Board.
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