

1. Introduction

- 1.1 The Audit and Risk Management Committee's ("ARMC" or the "Committee") Terms of Reference ("TOR") sets out the requirements of the Board of Directors (the "Board") of Aldrich Resources Berhad ("Aldrich" or the "Company") for the establishment of an ARMC and the delegation of responsibilities to such a Committee.

2. Functions

- 2.1 The ARMC's TOR is established pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement") and is approved by the Board.
- 2.2 The purpose of the ARMC is to assist the Board in fulfilling its fiduciary duties as well as oversight objectives on the activities of the Group in respect of the following:
 - 2.2.1 Assist the Board in meetings its responsibilities relating to accounting and reporting practices of the Group;
 - 2.2.2 oversee financial reporting;
 - 2.2.3 assess the risks and control environment including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management;
 - 2.2.4 evaluate the internal and external audit systems, processes and outcomes;
 - 2.2.5 review conflict of interest situations or potential conflict of interest situation;
 - 2.2.6 review related party transactions; and
 - 2.2.7 undertake any such other functions as may be determined by the Board from time to time.

3. Members

- 3.1 The ARMC members shall be appointed by and from the Board of Aldrich and shall comprise not less than three (3) members.
- 3.2 The ARMC should comprise solely of independent Directors.
- 3.3 Members of the ARMC may relinquish their membership in the ARMC with prior written notice to the Company Secretary. The ARMC will review and recommend to the Board for approval, another candidate to fill up such vacancy.
- 3.4 No Alternate Director shall be appointed as a member of the AMRC.
- 3.5 At least one member of the Committee must be a member of the Malaysia Institute of Accountants ("MIA") or if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;

- he must be a member of the associations of accountants specified in Part II of the Accountant Act 1967; or
- fulfils such other requirements as prescribed or approved by Bursa Securities.

3.6 All members of the Committee shall be financially literate.

3.7 In the event a member/chairman of the ARMC resigns, dies or for any reason ceases to be a member/chairman, resulting in ARMC membership conditions not being fulfilled, the Board shall within three (3) months of that event appoint such number of new members/chairman as may be necessary to fulfil the requirements.

3.8 No former audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years before being appointed as a member of the Committee. For the purpose of the foregoing, a former audit partner means the engagement partner, the individual who is responsible for the engagement of quality control review and other audit partners, if any, on the engagement team who make key decisions and/ or judgments on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.

4. Powers and Authority

4.1 The Board authorizes the ARMC, within the scope of its duties and responsibilities set out in this TOR to:

- 4.1.1 investigate any activity or matter within its TOR;
- 4.1.2 have full and unrestricted access to information, records, properties and personnel within the Group;
- 4.1.3 obtain relevant internal and external independent professional to assist in the proper discharge of its roles and responsibilities, advice, as it deems necessary;
- 4.1.4 maintain direct communication with the external auditors and internal auditor and with key management of the Group; and
- 4.1.5 convene meetings with the external auditors, internal auditors without the presence of other directors and employees of the Group, whenever deemed necessary.

5. Chairman of the ARMC

5.1 The Chairman of ARMC must be an Independent Director and shall be appointed by the Board of Director.

5.2 Chairman of ARMC shall not be the Chairman of the Board.

6. Secretary of the ARMC

- 6.1 The Company Secretary or his/her representative shall act as secretary of the ARMC (the "Secretary").
- 6.2 The Secretary shall be present to record and minute all proceedings of the ARMC meetings.
- 6.3 The Secretary shall have the following responsibilities:
 - 6.3.1 ensure all meetings are arranged and held accordingly;
 - 6.3.2 draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers seven (7) days prior to each meeting to enable full and proper consideration be given to issues;
 - 6.3.3 prepare the minutes of the ARMC meetings and record the conclusions of the ARMC in discharging its duties and responsibilities.
 - 6.3.4 ensure the minutes are endorsed by the Chairman before circulating promptly to all members of the ARMC and make the same available to Board members who are not members of the ARMC;
 - 6.3.5 ensure that the minutes of the ARMC meetings are properly kept and produced for inspection if required.

7. Quorum and Meeting Guidelines of the ARMC

- 7.1 To form a quorum, at least two (2) of the members must be present at the meeting the majority of whom must be Independent Non-Executive Directors.
- 7.2 In the absence of the Chairman, the members present shall elect a Chairman for the meeting, who shall be an Independent Non-Executive Director from amongst the members present.
- 7.3 The ARMC shall meet at least four (4) times a year or more frequently as circumstances dictate and the ARMC encouraged at least once in a year meet with the external and internal auditors without executive Board members and Management present.
- 7.4 ARMC meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this TOR. The ARMC may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 7.5 ARMC may request other Directors, members of Board committees, key management, counsels and consultants when applicable and necessary to participate in the meetings, to assist in carrying out the ARMC's responsibilities.
- 7.6 A member of the ARMC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him. Where this causes a lack of quorum, the ARMC shall appoint another candidate(s) who meets the membership criteria.

- 7.7 A member of ARMC may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 7.8 The notice and agenda for each ARMC meeting shall be sent to all members of the ARMC and any other persons who may be required to attend seven (7) days prior to each of the ARMC meeting.
- 7.9 The Chairman of the ARMC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the ARMC that require the Board's approval at the Board meeting.
- 7.10 The Chairman of the ARMC shall submit an ARMC report to the Board, summarizing the ARMC's activities during the year including results and findings and the relevant training attended by each member.
- 7.11 The ARMC shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the ARMC, shall be as effectual as if it has been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more ARMC members.

8. Duties and Responsibilities

- 8.1 Risk Management and Internal Control
 - 8.1.1 review the risk profile of the Group (including risk registers) and the Risk Management team's plans to manage and/or mitigate business risks as identified from time to time.
 - 8.1.2 review the sufficiency and effectiveness of the Group's overall risk management framework;
 - 8.1.3 assess the effectiveness of the system of internal controls i.e. the risks, control environment and compliance requirements based on the results of the external and internal audits.
 - 8.1.4 report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
- 8.2 Financial Reporting and Compliance
 - 8.2.1 review the ARMC's TOR as conditions dictate;
 - 8.2.2 review and approve quarterly and annual financial statements for recommendation to the Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and

unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

- 8.2.3 review major audit findings and management's response during the year with management, external auditors and internal auditor.

8.3 Evaluate the internal and external audit processes and outcomes

- 8.3.1 to review the engagement, compensation, performance, qualifications and independence of the external auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services;

- 8.3.2 review with the external auditors on their audit plan, their evaluation of the system of internal controls, audit report, problems and reservations arising from the interim and final audits, the management letter and management's response and the adequacy of assistance given by the Group's employees;

- 8.3.3 review any letter of resignation from the external auditors and report the same to the Board;

- 8.3.4 review whether there is any reason that the external auditor is not suitable for reappointment and make the relevant recommendations to the Board;

- 8.3.5 recommend the nomination of a person or persons as external auditors, including matters related to audit fees;

- 8.3.6 ensure the proper policies and procedures are established and to assess the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are and have been independent throughout the conduct of audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirements;

- 8.3.7 set policy on non-audit services which may be provided by the external auditors;

- 8.3.8 In respect of the Group's internal audit function, to undertake the following:

- a) review the adequacy of the scope, functions, resources and budget of the Group's internal audit function;
- b) approve the internal audit plan and review the results of the internal audit and decide whether or not appropriate actions are taken and report to the Board;
- c) review the effectiveness of the Group's internal audit function and make recommendations necessary for improvement;
- d) review any appraisal or assessment of the performance of the Group's internal audit function;
- e) approve any appointment or removal of the Internal Auditor.

- 8.4 Review conflict of interest situations and related party transactions (including recurrent related party transactions)
 - 8.4.1 review any conflicts of interest and related party transactions including recurrent related party transactions that may arise within the Group;
 - 8.4.2 ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes annually.
- 8.5 Other responsibilities and safeguards
 - 8.5.1 consider any concerns raised by external auditor in respect of breach or non-performance of any requirement or rules that may materially affect the financial position of Aldrich.
 - 8.5.2 review the Company's Annual Report including approving the Statement on Risk Management and Internal Control, the Statement on Corporate Governance and other statements related to strategy, financials and performance for inclusion in the Annual Report and recommend to the Board for approval.
 - 8.5.3 verify the allocation of options pursuant to the Employee Share Issuance Scheme or the allocation of shares pursuant to any incentive plan for employees of the Group at the end of each financial years as being in compliance with the criteria which is disclosed to the employees and make a statement in the Annual Report of the Company that such allocation has been verified;

9. Reporting

- 9.1 ARMC shall regularly update the Board about its activities and make recommendations through copies of minutes of each meeting and circulate to all Board members once endorsed by the Chairman;
- 9.2 ARMC shall ensure that the Company discloses in its Annual Report an ARMC Report for the financial year. ARMC must disclose how it has met its responsibilities in discharging its functions and duties for the financial year (Rule 15.15(3)(d)).
- 9.3 ARMC must update its TOR which deal with its authority and duties from time to time and ensure that such information be made available on the Company's website.
- 9.4 The ARMC Report must include the composition of the ARMC, including the name, designation (indicating the chairman) and directorship of the members (whether independent or otherwise); the number of meetings held and details of attendance of each ARMC member; a summary of the work of ARMC in the discharge of its functions and duties for that financial year and how it has met its responsibilities; and a summary of the work of the internal audit function.

10. Performance

- 10.1 On an annual basis, the Board shall via the Nomination Committee evaluate the ARMC's term of office and performance and extent to which the ARMC has met the requirements of its TOR. This assessment may constitute a part of the annual Board Effectiveness Assessment in respect of assessment of the Board Committees.

11. Non-Assurance Services provided by External Auditors

Before engaging external auditors to perform non-assurance services, careful consideration must be given to potential threats to their independence and objectivity.

External auditors should only be appointed if appropriate safeguards are identified to mitigate or eliminate these threats to an acceptable level.

Potential safeguards may include:

- (a) ensuring that the engagement letter explicitly confirms compliance with relevant auditor independence laws and standards.
- (b) verifying that the management possesses adequate knowledge to assume responsibility for all management decisions and review outcomes.
- (c) assigning services to personnel not involved in the audit, where permitted and relevant.
- (d) implementing additional measures to objectively and independently evaluate the engagement.

The appointment of external auditors for non-assurance services must undergo review and recommendation by the Audit and Risk Management Committee before seeking approval from the Board.

12. Revision of the TOR

- 12.1 Any revision or amendment to the TOR shall first be presented to the Board for its approval.

13. Approval

- 13.1 This TOR was reviewed and approved by the Board of Directors on 24 April 2025.