

RAND URANIUM (PROPRIETARY) LIMITED
(Registration number 2007/007531/07)

**TERMS OF REFERENCE OF THE
AUDIT & RISK COMMITTEE**

1. Constitution

- 1.1. The board of directors (“the board”) of Rand Uranium (Pty) Limited (“the company”) resolved to establish a committee of the board to be known as the audit and risk committee (“the committee”) to fulfil the functions as set out herein in respect of the company.
- 1.2. The board hereby resolves to adopt these terms of reference of the committee.

2. Membership

- 2.1. The committee shall be appointed by the board and shall comprise a minimum of 3 (three) non executive directors of the company.
- 2.2. A quorum shall be a majority of members being present in person or via telecommunication facilities.
- 2.3. The committee shall be entitled to invite specialists, if necessary, to attend all meetings of the committee.
- 2.4. The majority of the members of the committee should be financially literate so as to enable them to discharge their duties as set out in Section 6 hereof.
- 2.5. The chairman of the committee shall be appointed by the committee and should preferably be an independent non-executive director and should not be the chairman of the board.
- 2.6. The chairman of the committee will be required to attend the company’s annual general meeting to answer relevant questions posed by shareholders.

3. Attendance at meetings

- 3.1. The chief executive officer (CEO), chief financial officer (CFO), the head of internal audit and a representative of the external auditors shall be obliged, but also have the right, to attend and speak at committee meetings in their official capacity; while others may be called upon or will be able to speak by prior arrangement with the chairman of the committee.
- 3.2. Other board members shall have the right of attendance, with the prior consent of the chairman of the committee.
- 3.3. The committee shall annually meet with the external auditors with or without other board members, as the committee may elect. Likewise the committee should meet at least once a year with the head of internal audit and members of the internal audit team without the external auditor, other board members or the CFO being present.
- 3.4. The company secretary shall be the secretary of the committee.
- 3.5. The secretary will keep appropriate records of all meetings of the committee as well as minutes of the proceedings and all decisions made.
- 3.6. Copies of minutes of all committee meetings will be submitted to the board at the following board meeting and the chairman of the committee will use this opportunity to report on any matters of importance.
- 3.7. In the absence of the committee chairman or any appointed deputy, the remaining members present will elect one of their number to chair the meeting.

4. Frequency of meetings

- 4.1 Meetings shall be held not less than four times a year. Meetings should be held prior to the commencement of the annual external audit; prior to the board's approval of the annual financial statements and interim results; and after the completion of the annual external audit.

- 4.2 Any member of the committee or the external auditors or the head of internal audit may request a meeting if deemed necessary and a meeting will then be arranged in consultation with the chairman of the committee.

5. Authority

- 5.1. The committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.
- 5.2. The representatives of the external and internal auditors will at all times have direct access to the chairman of the committee to discuss any matters falling within the areas of responsibility of the committee.
- 5.3. The committee is authorised by the board, when the fulfilment of its duties requires, to obtain any outside legal or other professional advice including the advice of independent consultants, to secure the attendance of external advisers at its meetings, if it considers this necessary, and to obtain reliable, up-to-date information regarding matters that fall within the mandate of the committee, at the company's expense. The committee will have full authority to commission any reports or surveys that it deems necessary to help it fulfil its obligations.
- 5.4. Subject to the above, the company shall meet all expenses reasonably incurred by the committee in the fulfilling of its duties, including the payment of a fee to committee members as determined by the board from time to time.
- 5.5. The authority of the committee will at all times be subject to the provisions of the approvals framework of the company as approved by the board from time to time.

6. Duties

The duties of the committee shall be to:

External auditors, audit process and annual financial statements

- 6.1. consider the appointment and/or termination of the external auditors and to nominate for appointment a registered

- auditor who is independent of the company as and when required;
- 6.2. determine the annual audit fee and terms of engagement of the external auditors;
 - 6.3. annually review the independence, objectivity and effectiveness of the external auditors;
 - 6.4. ensure that the appointment of the external auditors complies with the provisions of the Companies Act of 1973 as amended (“the Act”) and any other applicable legislation;
 - 6.5. consider and set, if appropriate and subject to relevant legislative requirements, mandatory term limits on the length of time the external auditors or audit partner may serve the company and ensure a managed rotation process in respect of the audit partner after every 5 (five) years;
 - 6.6. determine the nature and extent of non-audit services which the external auditors may provide, subject to the provisions of the Act, and ensuring proper disclosure of such services and related fees in the annual financial statements as required;
 - 6.7. pre-approve any proposed contract with the external auditors for the provision of non-audit services to the group;
 - 6.8. discuss with the external auditor before the annual audit commences the nature and scope of the audit;;
 - 6.9. review the annual financial statements before submission to the board, focusing particularly on:-
 - 6.9.1. any changes in accounting policies and practices;
 - 6.9.2. major judgemental areas;
 - 6.9.3. significant adjustments resulting from the audit;
 - 6.9.4. the going concern statement;
 - 6.9.5. the valuation of investments;
 - 6.9.6. compliance with accounting standards;

- 6.9.7. compliance with regulatory and statutory requirements;
- 6.9.8. reliability and accuracy of the financial information provided to management and other users of financial information.
- 6.10. discuss problems and reservations arising from the interim, (if and when applicable) and final audits, and any matters incidental thereto which the external auditors may wish to discuss (in the absence of management where necessary);
- 6.11. review any accounting or auditing concerns identified as a result of the internal or external audits;
- 6.12. review the external auditor's management letter and management's response, if available, and/or to consider the matters to be dealt with therein;
- 6.13. review the company's statement on internal control systems prior to endorsement by the board;

Internal audit

- 6.14. approve the internal audit charter and the internal audit plan as well as the resources required;
- 6.15. to review the functioning of the internal audit programme and structure, ensure co-ordination between the internal and external auditors, and ensure that any internal audit function is adequately resourced and has appropriate standing within the company;
- 6.16. to consider the major findings of internal investigations and management's response;

Risk management and compliance

- 6.17 review the risk management policy as well as the processes and procedures for risk identification, analysis and quantification;
- 6.18 review the processes implemented to monitor the ongoing management of risks;

- 6.19 review reports from internal audit on the effectiveness of the processes and procedures of risk management;
- 6.20 submit an annual report to the board on the total risk management and assessment process and outcomes;
- 6.21 review the company's insurance programme and coverage;
- 6.22 review the company's compliance with legal and regulatory provisions, its articles of association, code of ethics and the rules established by the board and any significant breaches thereof;

Organisational integrity/ethics

- 6.22 review any statements on ethical standards or requirements for the company and the procedures or review system implemented to promote and enforce compliance;
- 6.23 review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the company;
- 6.24 where requested, make recommendations on any material potential conflict of interest or questionable situations;

General

- 6.25 review and recommend to the board for approval any policies proposed by management and relevant to the areas of responsibility of the committee;
- 6.26 give due consideration to the principles of governance and the code of best practice as contained in the King Report on Corporate Governance for South Africa;
- 6.27 retain a copy of the current terms of reference of the committee at the registered office of the company and provide shareholders with a copy of same if requested;
- 6.28 receive and deal with any internal or external complaint relating to either accounting practices and internal audit of the company or to the content or auditing of the financial statements or to any related matter; and

6.29 consider such other topics and fulfil such other duties as defined by the board.

7. Review and Assessment

The committee's activities and effectiveness should be assessed annually and reviewed with the board.

APPROVED BY THE BOARD AT ITS MEETING ON 27 MAY 2009

CHAIRMAN OF THE BOARD