

ANGLO PLATINUM LIMITED**AUDIT COMMITTEE TERMS OF REFERENCE 2011**

1. PURPOSE OF THE AUDIT COMMITTEE

- 1.1 The Audit Committee is established in terms of a Board resolution for the following two purposes:
- 1.1.1 To assist the Board of Directors of Anglo Platinum Limited in discharging its duties in relation to the Company and its subsidiaries (the "Group") relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes and the preparation of accurate reporting and financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.
- 1.1.2 To perform the functions set out in the Companies Act 2008 as amended (the "Act").
- 1.2 In its role as a Board Committee the Audit Committee is an advisory Committee and not an Executive Committee and shall not perform any management functions or assume any management or Board responsibilities and shall have an objective independent role, and shall submit recommendations as appropriate to the Board for approval or final decision.
- 1.3 In its role as an Audit Committee appointed under the Act the Committee functions independently and has the following duties in respect of the company and each subsidiary in respect of which it has assumed the duties under the Act:
- 1.3.1 The nomination of the external independent auditor and the individual audit partner representing the auditor for each financial year appointed in terms of the requirements of the Companies Act, as amended and any other regulatory and legislative requirements which the group needs to comply with;
- 1.3.2 Determining the nature and extent of non-audit services performed by the external auditor;
- 1.3.3 Determining the fees to be paid to the external auditor and the external auditor's terms of engagement;
- 1.3.4 To prepare a report to be included in the annual report for that financial year:
- (i) Describing how the Audit Committee carried out its functions;
 - (ii) Stating whether the Audit Committee is satisfied that the auditor was independent of the Company;
 - (iii) Commenting in any way considered appropriate on the financial statements, the accounting practices and the internal financial control of the Company.

- 1.3.5 To receive and deal appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, relating to:
- (i) the accounting practices and internal audit of the Company;
 - (ii) The contents or auditing of the Company's financial statements;
 - (iii) The internal financial controls of the Company; or
 - (iv) Any related matter.
- 1.3.6 To make submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting;
- 1.3.7 To perform other functions determined by the Board, including the development and implementation of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes within the Company.

2. MEMBERSHIP AND QUORUM

- 2.1 In every financial year at the Annual General Meeting, the Company's shareholders shall appoint an Audit Committee for the following year. The members of the Audit Committee shall be nominated by the Board from amongst the Directors from time to time and shall consist of not less than three members, all of whom shall be Independent Non-Executive Directors in terms of the definition set out in the Companies Act, as amended and any other regulatory requirement, with the requisite experience, knowledge and skills set to serve on the Committee.
- 2.2 The membership of the Audit Committee shall be reviewed by the Board from time to time and vacancies on the Audit Committee are required to be filled by the Board within 40 business days.
- 2.3 The Board shall appoint a Chairman from the members of the Committee who shall hold office for one year or until the next Annual General Meeting and who may offer himself/herself for re-election each year unless otherwise determined by the Board.
- 2.4 The Chairman of the Board shall not be eligible for appointment as a member of the Committee.
- 2.5 The quorum for decisions of the Committee shall be any two members of the Committee present throughout the meeting of the Committee.

3. SECRETARY OF THE COMMITTEE

The Company Secretary or his/her nominee shall be the secretary of the Committee and he/she shall agree with the Chairman of the Audit Committee on the contents of the agenda for each meeting including matters raised by members of the Committee. The Committee Secretary shall attend and record fully the procedures and decisions taken but may be excluded by the Chairman from any item on the agenda should any conflict of interest become evident. The minutes of such meetings shall be reviewed and approved by the members of the Committee at the next subsequent meeting.

4. MEETINGS AND PROCEEDINGS

- 4.1 Meetings of the Committee will be held as frequently as the Committee considers appropriate, but it will normally meet not less than twice a year. After the conclusion of each meeting, the Committee members will meet to discuss issues arising out of the meeting and any other issues where required, notwithstanding that there may be no issues that have arisen or that may require discussion. The Board or any member thereof, including members of the Committee, the External Auditors, and the Head of ABAS may call further meetings;
- 4.2 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, the Chairman of the Board, the Chief Executive Officer, Executives and Managers responsible for finance, the Head of ABAS and the External Audit partners;
- 4.3 Meeting agendas shall be prepared and distributed in advance together with sufficient background information to enable Audit Committee members to appropriately prepare for meetings.
- 4.4 The Chief Executive Officer, the Financial Director, Senior Audit Partner in charge of the external audit and Head of ABAS shall be in attendance at meetings of the Committee and shall have unrestricted access to the Chairman or any other member of the Committee in relation to any matter falling within the remit of the Committee;
- 4.5 The Chairman of the Committee, at his/her discretion, may invite other executives, employees or external professional advisers to attend and to be heard at meetings of the Committee;
- 4.6 No attendee shall have a vote at meetings of the Committee;
- 4.7 The agenda for each Board meeting shall provide an opportunity for the Chairman of the Committee to report orally on any matters of importance as well as on the Committee's findings and recommended actions; and
- 4.8 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's articles of association (Memorandum of Incorporation) regulating the meetings of any Directors and Committees.

5. DUTIES AND RESPONSIBILITIES

The responsibilities of the Committee shall include:

- 5.1 Finance Function:
- 5.1.1 To satisfy itself of the appropriateness of the experience and expertise of the Financial Director; and
- 5.1.2 To satisfy itself of the appropriateness of the expertise and adequacy of the resources of the Group's Finance function.

- 5.2 To ensure co-ordination of Internal and External Audit activities to the extent that it is appropriate;
- 5.3 To conduct an annual review of the Committee's work and the Terms of Reference and make recommendations to the Board to ensure that the Committee is operating at maximum effectiveness;
- 5.4 To review reports on separately managed Joint Venture Audit Committees;
- 5.5 To review the Sustainability reports to shareholders and other stakeholders and consider the scope and conclusion of the independent assurance providers in respect of those reports.
- 5.6 **External Audit**
- 5.6.1 The Committee shall during each financial year for which it is appointed, nominate for appointment as auditor of the Company, and every subsidiary for which it has assumed the duties of an audit committee under the Act, a registered independent auditor for approval by shareholders
- 5.6.2 The Committee shall review the designated appointment of the audit partners annually ensuring that such person does not serve for more than five financial years.
- 5.6.3 The Committee shall:
 - 5.6.3.1 oversee the Company's relations with the external auditors and evaluate the performance of the external auditors;
 - 5.6.3.2 discuss and review, with the external auditors before the audit commences, the auditor's engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure co-ordination (where more than one audit firm is involved) and maintenance of a professional relationship between them;
 - 5.6.3.3 satisfy itself that the audit plan effectively addresses the critical risk areas of the business and sets appropriate levels of materiality for audit purposes;
 - 5.6.3.4 receive and deal appropriately with any complaints relating either to the accounting practices and internal auditor of the Company or to the content or auditing of financial statements or to any related matter;
 - 5.6.3.5 negotiate procedures, subject to agreement, beyond the minimum statutory and professional duties of the auditor and pre-approve the proposed contract with the auditor in respect of all non-audit services to be rendered;
 - 5.6.3.6 consider any problems identified in regard to the going concern status of the Company's business or matters of internal control;
 - 5.6.3.7 make suggestions as to problem areas that the audit can address;
 - 5.6.3.8 consider any accounting treatments, significant unusual transactions, or accounting judgements, that could be contentious;

- 5.6.3.9 identify key matters arising in the current year's management letter from the auditors and satisfy itself that these are being properly followed up;
- 5.6.3.10 consider whether any significant ventures, investments or operations should be subject to external audit;
- 5.6.3.11 review the overall audit role, discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money;
- 5.6.3.12 obtain assurance from the external auditors that adequate accounting records are being maintained;
- 5.6.3.13 consider differences of opinion between management and auditors including unrecorded errors or differences found by the auditors;
- 5.6.3.14 consider and discuss any reservations arising from the audit and any matters the auditors may wish to discuss in the absence of Executive Management;
- 5.6.3.15 review auditors' draft letters of representation before finalisation of the Annual Report;
- 5.6.3.16 review the adequacy of corrective action in response to significant External Audit findings;
- 5.6.3.17 determine the fees to be paid to the auditor for the audit and for any pre-approved non-audit work.
- 5.6.3.18 Receive notice of any reportable irregularities from the auditors and ensure that management takes appropriate action to address them.

5.7 **Internal Audit**

- 5.7.1 An important function of the Committee is to monitor and supervise the effectiveness of Internal Audit, ensuring that the roles and functions of the External Audit as compared to Internal Audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the Group's systems of internal control and reporting. Internal Audit services are currently provided by the Anglo Business Assurance Services department ("ABAS") of Anglo Operations Limited. The Committee's role in relation to Internal Audit includes:
 - 5.7.2 evaluating the performance of Internal Audit, its effectiveness and independence;
 - 5.7.3 considering whether the mandate, organisation, resourcing and standing of the Internal Audit function are appropriate to the needs of the Group and enable the Committee to meet its objectives;
 - 5.7.4 reviewing the compliance of ABAS with the Service Level Agreement ("SLA") and its mandate in terms of the Internal Audit Charter;
 - 5.7.5 reviewing and approving the Internal Audit plans, Internal Audit budget and Internal Audit conclusions with regard to internal control;
 - 5.7.6 satisfying itself that the Internal Audit plan makes provision for effectively addressing the critical risk areas of the business.

- 5.7.7 satisfying itself regarding Internal Audit's review of the effectiveness of the Group's systems of internal control, including:
- (i) internal financial control and business risk management and the maintenance of effective internal control systems;
 - (ii) the maintenance of proper accounting records;
 - (iii) controls over the financial reporting environment;
 - (iv) the safeguarding of the Company's assets against unauthorised use or disposal;
- 5.7.8 reviewing Internal Audit's written assessment of the effectiveness of the process for identifying, assessing and reporting all significant business and operational risks and the management and mitigation of those risks by the Company and making appropriate recommendations to the Board;
- 5.7.9 reviewing significant matters reported by the Internal Audit function in relation to financial reporting, corporate governance, internal control and any significant investigations;
- 5.7.10 reviewing the adequacy of corrective action taken in response to significant Internal Audit findings;
- 5.7.11 reviewing the co-operation and co-ordination between the Internal and External Audit functions and co-ordinating the formal Internal Audit work plan with External Auditors and other assurance providers to ensure that an appropriate Combined Assurance Model is applied by the group;
- 5.7.12 reviewing significant differences of opinion between management and the Internal Audit function;
- 5.7.13 considering and reviewing any difficulties encountered in the course of internal audits including any restrictions in scope;
- 5.7.14 directing and supervising investigations by Internal Audit into matters within its scope, for example breakdowns in internal control, cases of employee fraud, misconduct or conflicts of interest.
- 5.8 **Reporting Relationship of the Head of ABAS to the Audit Committee**
- 5.8.1 The Head of ABAS shall be independently responsible to the Audit Committee for the performance of his/her duties and responsibilities with respect to the Group. This relationship is governed in terms of a Service Level Agreement between the Company and Anglo Operations Limited;
- 5.8.2 The Audit Committee shall be responsible for evaluating the independence and effectiveness of the Anglo Operations Limited ABAS team.
- 5.8.3 The Head of ABAS shall have unrestricted access to the Chairman and members of the Audit Committee and to the Chairman of the Board.

- 5.9 **Integrated Report**
- 5.9.1 The Committee will examine and review all published financial reports and information including the integrated report, the annual financial statements, the interim reports, the preliminary reports, trading statements and any other announcements regarding the Company's results or other financial information to be made public, prior to submission and approval by the Board, focusing particularly on:
- 5.9.1.1 The quality and integrity of financial reporting and ensuring that such reporting presents a balanced and understandable assessment of the position, performance and prospects of the Group;
 - 5.9.1.2 tax and litigation matters involving uncertainty;
 - 5.9.1.3 any changes in accounting policies and practices;
 - 5.9.1.4 significant adjustments resulting from the audit;
 - 5.9.1.5 the basis on which the Company and Group have been determined to be going concerns;
 - 5.9.1.6 capital adequacy;
 - 5.9.1.7 compliance with accounting standards, local and international, and compliance with legal and regulatory requirements;
 - 5.9.1.8 evaluation of significant judgements and reporting decisions made by management including the appropriateness of the accounting treatment of major transactions and events during the year;
 - 5.9.1.9 compliance with the financial conditions of loan agreements and compliance with covenants;
 - 5.9.1.10 reviewing special documents such as prospectuses, circulars in respect of rights offers and other corporate actions as and when prepared;
 - 5.9.1.11 reviewing the external auditors proposed audit report;
 - 5.9.1.12 review the appropriateness of "forward looking statements" and summarised financial statements; and
 - 5.9.1.13 consider whether the results are in line with discussions with independent assurance providers, both internal and external auditors as well as other external assurance providers giving assurance as to the sustainability aspects of the integrated report.
- 5.9.2 The Audit Committee shall ensure that an Audit Committee report is included in the integrated report describing how the Audit Committee carried out its functions and stating whether the Audit Committee carried out its functions, stating whether the Audit Committee is satisfied that the auditor was independent of the Company and commenting as appropriate on the annual financial statements, accounting practices and internal financial controls.

5.10 **Risk Management**

5.10.1 The Audit Committee should monitor the Group's risk management processes with particular reference to the following aspects of risk:

5.10.1.1 Financial reporting risks – the risks that financial information and reports of the Group may be false, misleading or inaccurate or otherwise lack integrity;

5.10.1.2 Internal financial controls – the risks that control over the internal finances of the Group may be compromised through weaknesses in systems or failure to adhere to properly designed systems and procedures;

5.10.1.3 Fraud risks – the risks of fraud by management, staff or external parties which will cause loss to the Group; and

5.10.1.4 Information Technology risk – the risk that the Group's information technology systems may become compromised or ineffective.

5.10.2 The Board has overall responsibility for the governance of risk and determines the levels of risk tolerance and risk appetite appropriate to the Group. The Audit Committee (in the absence of a separate Risk Committee) will guide and advise the Board in setting risk tolerance and risk appetite levels, after consulting with operational management.

5.10.3 Continual, thorough risk assessments shall be conducted by operational management under a pre-determined risk management plan.

5.10.4 Risks should be prioritised and ranked to focus responses and interactions.

5.10.5 The Board should regularly receive and review a register of the Company's key risks which should be quantified where possible.

5.10.6 Independent assurance may be obtained by the Audit Committee of the existence and effectiveness of controls to address controllable risks.

5.11 **Information Technology Governance**

5.11.1 The Audit Committee shall review and approve an IT governance framework which delegates to management the responsibility for implementation of the IT governance framework.

5.11.2 The Audit Committee shall review reports on the effectiveness of IT risks as part of the overall risk management of the Group.

5.12 **Authority of the Committee and Resources Available to it**

The Committee, in carrying out its tasks under these Terms of Reference:

5.12.1 is authorised to investigate any activity within its Terms of Reference;

5.12.2 may, at the discretion of the Committee, require other employees of the Group to attend meetings or parts of meetings;

- 5.12.3 may consult with and seek any information it requires from any employees, and all employees shall be required to co-operate with any request made by the Committee in the course of its duties;
- 5.12.4 shall at least once a year meet with External Auditors without any Executive member of the Board in attendance;
- 5.12.5 shall at least once a year meet with the Internal Auditors without any Executive member of the Board in attendance;
- 5.12.6 shall review such significant transactions not directly related to the Company's normal business as the Committee may deem appropriate;
- 5.12.7 shall review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company;
- 5.12.8 shall consider other relevant matters referred to it by the Board;
- 5.12.9 shall have due regard to the principles of governance and code of best practice as contained in the King III Report on Corporate Governance for South Africa 2009 and any legislation with respect to governance requirements and standards;
- 5.12.10 shall have all expenses reasonably incurred by the Audit Committee met by the Company, including the fees of any consultant or specialist engaged by the Audit Committee to assist it in the performance of its duties;
- 5.12.11 shall facilitate, on behalf of the Group a "whistle blowing process" to ensure that concerns by staff and external whistle blowers can be confidentially made and investigated;

6. REPORTING AND ACCOUNTABILITY

- 6.1 The Chairman of the Committee shall account to the Board for its activities and make recommendations to the Board concerning the adoption of the annual and interim financial statements and preliminary report and any other matters arising from the above responsibilities; and
- 6.2 The Chairman (or, in his/her absence, another member) of the Committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.
- 6.3 The Committee shall prepare an annual report for inclusion in the integrated report of the Company describing the matters set out in paragraph 1.3.4 above and setting out how the Committee has fulfilled its mandate.

7. FEES

- 7.1 Having regard to the functions performed by the members of the Committee in addition to their functions as Directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the Board by the articles of association of the Company, members of the Committee shall be paid such remuneration in respect of their appointment and services as shall be fixed by the Board and as approved by shareholders from time to time;

7.2 The Chairman of the Committee shall, in addition to his or her remuneration as member, receive a further sum as determined by the Board;

7.3 Such remuneration in terms hereof shall be in addition to the Directors' fees payable to Directors.

8. GENERAL

8.1 The Committee, in carrying out its tasks under these Terms of Reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties;

8.2 The Committee shall undertake regular self assessments;

8.3 These Terms of Reference may be amended as required, subject to the approval of the Board.

APPROVED BY THE BOARD ON 4 FEBRUARY 2011