

ACDC METALS LTD  
ACN 654 049 699  
(Company)

---

## AUDIT & RISK COMMITTEE CHARTER

---

(Approved by the Board on 15 March 2023)

## 1. ROLE

The role of the Audit & Risk Committee (Committee) is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. This Charter sets risk parameters and defines the Audit & Risk Committee's function, composition, mode of operation, authority and responsibilities.

## 2. COMPOSITION

The Committee shall consist of at least three (3), and no more than five (5), Members. The Board shall appoint Members and the Chair of the Committee. Membership of the Committee shall be reviewed periodically and as required and Members are eligible for reappointment.

Composition requirements for the Committee:

- a) The Board will appoint Members of the Committee by Resolution. The Board may also remove and replace Members of the Committee by Resolution. Members may withdraw from membership by written notification to the Board.
- b) All Members of the Committee must be able to read and understand financial statements, have accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee's mandate effectively.
- c) The Chair of the Committee must not be the Chair of the Board and must be independent.
- d) The Chair of the Committee shall have leadership experience and a strong finance, accounting or business background.
- e) The External Auditors, the other Directors, the Managing Director/Chief Executive Officer, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

The Board will strive to adhere to the following composition conditions for the Committee where at all possible:

- f) The Committee shall comprise at least three (3) Members.
- g) All Members of the Committee shall be Non-Executive Directors or a Key Management Person (KMP).
- h) A majority of the Members of the Committee must be independent director as defined in ASX Corporate Governance Principles and Recommendations 2019.

However, the Board acknowledges that, from time to time, the composition of the Board may not allow adherence to the composition conditions.

## 3. PURPOSE

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- a) the adequacy of the entity's corporate reporting processes;

- b) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- c) compliance with all applicable laws, regulations and Company policy;
- d) the effectiveness and adequacy of internal control processes and framework;
- e) the internal audit function (if any)
- f) the performance of the Company's external auditors and their appointment and removal;
- g) the independence of the external auditor and the rotation of the lead engagement partner;
- h) the identification and management of business, economic, environmental, climate-related and social sustainability risks; and
- i) the review of the Company's risk management framework at least annually to satisfy itself that it continues to be sound and to determine whether there have been any changes in the material business risks the Company faces and to ensure that they remain within the risk appetite set by the Board.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

#### 4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

##### 4.1 Review of Financial Reports

- a) Review the appropriateness of the accounting principles and judgements adopted by management in preparing the financial reports and the integrity of the Company's financial reporting.
- b) Review the Company's financial statements for accuracy, for adherence to accounting standards and policies, and to ensure they reflect the understanding of the Committee Members of, and otherwise provide a true and fair view of, the financial position and performance of the Company, as a basis for recommendation to and adoption by the Board.
- c) Oversee the financial reports and the results of the external audits of those reports.
- d) Assess whether external reporting is adequate for shareholder needs.
- e) Assess management processes supporting external reporting.
- f) Establish procedures for treatment of accounting complaints.
- g) Review the impact of any proposed changes in accounting policies on the financial statements.
- h) Review the quarterly, half yearly and annual results.
- i) Establish and review procedures for verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to

satisfy the Board that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions.

- j) Ensure that, before the Board approves the Company's financial statements for a financial period, the Chief Executive Officer and Chief Financial Officer (or, if none, the person(s) fulfilling those functions) have declared that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### 4.2 Relationship with External Auditors

- a) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- b) Review the independence, performance, objectivity, succession plans and rotation of lead engagement partner.
- c) Approve the external audit plan, and provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor, and review whether non-audit services might compromise the independence of the external auditor.
- d) Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or Annual Reports.
- e) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- f) Meet with the external auditors at least twice in each financial year and at any other time the Committee considers appropriate.
- g) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- h) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- i) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the *Corporations Act 2001* (Cth).
- j) Review the external auditor's report regarding the Company's financial statements and significant findings in the conduct of its audit, including the adequacy of management's response, and monitor whether any issues are being managed and rectified in an appropriate and timely manner.
- k) Separately from management, discuss with the external auditor matters relating to the conduct of the audit, including the timeliness of its reporting, any difficulties encountered in the course of the audit work, any restrictions on the

scope of activities or access to requested information, significant disagreements with management (if any) and adequacy of management's response.

- l) Ensure that the external auditor attends the Company's Annual General Meeting and is available to answer questions from security holders relevant to the audit.

#### 4.3 Internal Audit Function

- a) Monitor and periodically review the need for a formal internal audit function and its scope.
- b) Assess the independence, performance and objectivity of any internal audit function and procedures that may be in place.
- c) The appointment or removal of the head of internal audit, ensuring any formal internal audit function is headed by a suitably qualified person who shall have a direct reporting line to the Board or the Committee, and bring the requisite degree of skill, independence and objectivity to the role.
- d) The scope and adequacy of the internal audit work plan. Monitor the progress and review the outcomes of the internal audit program.
- e) If the Company does have any formal internal audit function, assess the performance and objectivity of the Company's processes for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.
- f) Review risk management and internal compliance procedures through reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk.
- g) Evaluate management's responsiveness to any applicable internal auditor's finding and recommendations.
- h) Monitor the quality of the accounting function.
- i) Review the internal controls of the Company via consideration of any comments from the Company's internal and/or external auditors and/or commissioning an independent report on the Company's internal controls.

#### 4.4 Risk Management

- a) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- b) Assess whether the Company is required to publish an integrated report or a sustainability report in accordance with a recognised international standard.
- c) Receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
- d) Review the Company's risk management framework at least annually to satisfy itself that the framework:

- i. continues to be sound;
    - ii. ensures that the Company is operating with due regard to the risk appetite set by the Board; and
    - iii. deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.
  - e) Review reports by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
  - f) Monitor management's performance against the Company's risk management framework.
  - g) Make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board.
  - h) Review any material incident involving fraud or a break-down of the Company's risk controls and the "lessons learned".
  - i) Oversee the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.
  - j) Evaluate the structure and adequacy of the Company's business continuity plans.
- 4.5 Other
- a) The Committee will oversee the Company's environmental risk management, social risk management and occupational health and safety processes.
  - b) The Committee will oversee procedures for whistle-blower protection.
  - c) The Committee will oversee procedures for countering bribery and corruption.
  - d) As contemplated by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 4<sup>th</sup> Edition*, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the "*Corporate code of conduct*". Any such waiver or deviation will be promptly disclosed where required by applicable law.
  - e) Monitor related party transactions.
5. MEETINGS
- a) The Committee shall meet at least four (4) times during each financial year and additionally as circumstances may require for it to undertake its role effectively.
  - b) Meetings are called by the Secretary as directed by the Board or at the request of the Chair of the Committee.

- c) Where deemed appropriate by the Chair of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- d) A quorum shall consist of two Members of the Committee. In the absence of the Chair of the Committee or their nominees, the Members shall elect one of their Members as Chair of that meeting.
- e) Decisions will be based on a majority of votes with the Chair having a casting vote.
- f) The Chair of the Committee, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- g) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

#### 6. SECRETARY

- a) The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend all meetings of the Committee for Governance oversight.
- b) The Secretary will be responsible for keeping the Minutes of meetings of the Committee and circulating them to Committee Members and to the other Directors of the Board. All Minutes of the Committee must be entered into a Minute Book maintained for that purpose and be open at all times for inspection by any Director.
- c) The Secretary shall distribute a supporting Pack and/or Papers for each meeting of the Committee as far in advance as possible.

#### 7. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE

Each Member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- a) an employee of the Company and its subsidiaries (if any) (Group) whom the Member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- b) a professional adviser or expert in relation to matters that the Member believes on reasonable grounds to be within the person's professional or expert competence; or
- c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.

#### 8. ACCESS TO ADVICE

- a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee Members, except where the Board determines that such access would be adverse to the Company's interests.



- b) Members of the Committee may meet with the auditors, both internal and external, without management being present.
- c) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chair of the Committee. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

#### 9. REVIEW OF CHARTER

- a) The Committee will review its Charter annually to keep it up to date and consistent with the Committee's authority, purpose and responsibilities, and make recommendations to the Board accordingly. The Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
- b) The Board will conduct an annual review of the Committee's Membership to ensure that the Committee has carried out its functions in an effective manner and will update this Charter as required or as a result of new laws or regulations.
- c) This Charter shall be made available to Members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

#### 10. REPORT TO THE BOARD

- a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities. The Committee Chair will provide a brief oral report to the Board as to any material matters arising out of Committee meetings. All Directors may, within the Board meeting, request information of Members of the Committee.
- b) The Committee must brief the Board promptly on all urgent and significant matters.