

## AUDIT AND RISK COMMITTEE CHARTER

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### The Role of the Audit and Risk Committee

The role of the Audit and Risk Committee, in alignment with the Company's strategy is to:

- (a) assist the Board to meet its oversight responsibilities in relation to the Company's corporate and financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management framework and processes, and the external audit functions;
- (b) provide the Board with advice and recommendations in relation to appropriate ethical standards, corporate governance and an operations governance framework that are integrated into overall business performance;
- (c) ensure and maintain free and open communication between the Committee, the external auditors, and the management of the Company.

### Composition

- (a) The Committee will be appointed by the Board and shall be composed of:
  - (i) at least three members (where practicable), all of whom, where practicable, are non-executive directors and a majority of whom are independent directors; and
  - (ii) a Chair of the Committee, also appointed by the Board, who is one of those independent Directors and who is not the Chair of the Board.
- (b) The Committee shall have an appropriate balance of skills, experience, expertise and knowledge of the Company's business relevant to the remit of the Committee. Each member shall be financially literate (able to read and understand financial statements);
- (c) The Committee's composition will be disclosed and reviewed on an annual basis by the Board. However, the Board may, in its discretion, remove and replace any of the Committee's members at any time.
- (d) The Company Secretary of the Company or a designate will be the secretary to the Committee (**Committee Secretary**).

### Attendance

- (a) Members of the Committee, and any other Directors wishing to attend, are entitled to be present at Committee meetings (except in circumstances where there is a conflict of interest).
- (b) At the discretion of the Chairperson, the Committee may extend an invitation to any person to attend all or part of any meeting which it considers appropriate. In particular the Committee may meet with external advisers, any executive or other employee, any other non-executive Director, and may do so with or without management present.

- (c) The CEO, the CFO, the Company Secretary and representatives of the External Financial Auditor will normally be invited to attend meetings.

## **Meetings**

### **Frequency**

The Committee will meet at least four times a year, with further meetings as required or determined appropriate by the Committee or the Board. The Committee's meetings will be regulated in accordance with any applicable provisions of the Constitution of the Company.

### **Agenda**

The Committee Secretary will:

- (a) In conjunction with the Chair of the Committee and the CFO, settle agendas for and arrange meetings of the Committee so as to ensure timely coverage of all the Committee's business;
- (b) Distribute agendas and supporting papers to members of the Committee at least seven (7) days in advance of the relevant meeting; and
- (c) Keep and distribute minutes of each meeting.

### **Minutes**

Minutes of all meetings of the Committee are to be kept and the minutes and a report of actions taken or recommended shall be given at each subsequent meeting of the full Committee. The proceedings of all meetings will be minuted by the Committee Secretary.

### **Quorum**

A quorum shall be any two members or greater number as determined by the Board.

### **Meetings by Instantaneous Communication Device**

Meetings of the Committee may be held by any instantaneous communication device through which all persons participating in the meeting can hear each other.

## **Duties**

### **Internal Control, Risk Management**

The Committee will:

- (a) Assist the Board in setting the risk management policy and appetite;
- (b) make recommendations to the board in relation to changes that should be made to the entity's risk management framework or to the risk appetite set by the board;
- (c) Review the effectiveness of the Company's corporate reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks;

- (d) Monitor management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
- (e) Review the Company's risk management framework and other internal controls at least annually to satisfy itself that:
  - (i) they are effective to manage material business risks and protection of assets;
  - (ii) the Company has in place appropriate systems and procedures to ensure compliance with all relevant laws, regulations, codes standards and best practice guidelines in order to ensure the Company's risk management framework continues to be sound; and
  - (iii) the Company's risk management framework deals adequately with contemporary and emerging risks and encompasses financial and non-financial risks;
- (f) Review any material incident involving fraud or a break-down of the Company's risk controls and the "lessons learned";
- (g) 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;
- (h) Receive and review reports from management on any significant breach of the Company's risk management framework and make recommendations to the Board;
- (i) Review the group's insurance program at least annually having regard to the business and insurable risks associated with the Company;
- (j) Meet regularly with key management, the auditor and compliance staff to understand and discuss the Company's control environment; and
- (k) Ensure appropriate disclosures are made regarding any material exposure the Company has to environmental and social risks and how it manages or intends to manage these risks.

### **External Financial Audit**

The Committee will:

- (a) Consider and make recommendations to the Board regarding the selection, appointment, reappointment, termination, remuneration, tenure and terms of engagement of the Company's external auditors and will ensure that key partners within the appointed firm are rotated from time to time.
- (b) review any proposal for the External Financial Auditor to provide non-audit services and whether it might compromise the independence of the External Financial Auditor;

- (c) Meet with the External Financial Auditor, post audit at the reporting stage, and will ensure that any auditor's management letters and management's responses are reviewed;
- (d) Meet with the external auditors without management present, as required;
- (e) Ensure there is unfettered access for the external auditors to raise matters directly with the Board or the Committee, including inviting the external auditors to attend the Committee's meetings to present the audit plan, discuss audit results and consider the implications of external audit findings;
- (f) Seek to ensure that the External Financial Auditor attends the Company's annual general meetings and is available to answer questions from shareholders relevant to the audit;
- (g) Consider and make recommendations to the Board regarding the scope of the audit or assurance work, the terms of the annual engagement letter and audit fees, and regularly review the scope and adequacy of the external audit to ensure that it covers all material risks and financial reporting requirements;
- (h) Monitor management's responsiveness to, and appropriate and timely resolution of, the External Financial Auditor's findings and recommendations, including whether there have been any significant disagreements between the External Financial Auditor and management;
  - (i) Review all representation letters signed by management and satisfy itself that the information provided is complete and appropriate; and
  - (j) Keep under review the Company's relationship with the External Financial Auditor, including (but not limited to):
    - (i) the appointed firm's independence and objectivity;
    - (ii) the appointed firm's adequacy and expertise;
    - (iii) the External Financial Auditor's performance;
    - (iv) the audit or assurance fees;
    - (v) the nature and quantum of non-audit services provided by the External Financial Auditor, including the amount of fees paid for such services; and
    - (vi) compliance with accounting standards and any proposals which the External Financial Auditor has made.

### **Internal Audit**

The purpose of the internal audit function will be to provide independent, objective assurance and consulting service designed to add value and improve the Company's operations, aiming to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Committee will:

- (a) when appropriate, recommend when an internal audit function is to be implemented and determine the scope of the internal audit;

- (b) determine the way in which the internal audit function will be provided;
- (c) review any proposal to provide internal audit services and make recommendations on the appointment of an internal auditor;
- (d) ensure the internal audit function is independent of the activities and processes of the Company in order to ensure it is able to perform its duties objectively and provide impartial advice to management and the Committee;
- (e) ensure the internal audit has full, free and unrestricted access to all relevant records, documentation and physical property as may be required to fulfil its responsibilities. Internal audit also has access to records relating to strategies, policies and priorities established by the board and senior management;
- (f) ensure internal audit has the authority to seek any information it requires to fulfil its responsibilities from any officer, employee, contractor or consultant related to the Company's activities;
- (g) ensure the Company's employees understand they are expected to be available and provide such information and explanations as are required for the conduct of Internal Audit activities; and
- (h) ensure at the conclusion of the internal audit, the internal auditor provides a written report which provides a summary of work performed and sets out findings and recommended actions to address areas where controls are not considered to be adequate.

### **External Reporting**

The Committee will:

- (a) Oversee the external reporting processes;
- (b) Keep under review the consistency and adequacy of accounting policies both on a year to year basis and across the Company and the Group, as well as any significant estimates and judgments adopted by management in the preparation of external reports;
- (c) Review whether the Company's financial statements 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 taking into account:
  - (i) critical accounting policies and practices and any changes in them;
  - (ii) decisions requiring a major element of judgement used for the preparation of the financial statements;
  - (iii) the extent to which the financial statements are affected by any unusual transactions;
  - (iv) the clarity of disclosures;
  - (v) significant adjustments resulting from the audit;
  - (vi) related party transactions and the adequacy of their disclosure in the financial statements;

- (vii) the going concern assumption;
  - (viii) compliance with accounting standards;
  - (ix) compliance with securities exchange and other legal requirements; and
  - (x) the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) statements to the Board made pursuant to the requirements of Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (the ASX Recommendations);
- (d) Review the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to the preparation of accounts and external reports; and
- (e) Recommend to the Board whether external reports should be approved.

## **AUTHORITY**

### **Authority of the Committee**

The Committee is authorised to:

- (a) Resolve, or manage the resolution of any disagreements between management and the External Financial Auditor regarding the Company's corporate and financial reporting;
- (b) Seek any information, report or explanation it requires from the Company, including to question any employee of the Company and any Director, officer, consultant, contractor, external auditor or any person who for the time being is acting in any of those positions or performing those functions in respect of any matters it considers relevant or incidental to perform its duties;
- (c) Consider and use whatever forum is conducive to producing the appropriate and truthful results of its enquiries having regard to the proper, adequate and competent discharge of its responsibilities and particularly in the interests of verifying and safeguarding the integrity of the Company's corporate and financial reporting;
- (d) Meet with any external auditors "in camera" as it determines;
- (e) Obtain, at the Company's expense, outside legal or other professional advice on any matters within its Charter including advice and/or reports in discharging its responsibilities under its Charter; and
- (f) Call any member of staff to be questioned at a meeting of the Committee as and when required and in accordance with applicable laws and regulations.

The above authority is to be exercised in accordance with the Company's core values.

### Extent of powers

The Committee's powers are investigative and advisory only. The Committee will have no power to make determinations on behalf of the Company but will make recommendations to the Board on matters for Board determination.

### Review of this Charter

The Committee's Charter will be reviewed annually or as often as it considers necessary to ensure it remains effective and relevant to the Company's needs.

The Board may change this Charter from time to time by resolution.

The Charter will be made available on the Company's website.

### REVIEW OF PERFORMANCE

The Committee will review its performance on an annual basis. The results of its performance review will be incorporated in the Boards' annual performance review process.

This policy has been approved by the Andromeda Metals Limited Board of Directors.

### Date:

27 September 2021

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#### Record of reviews and relevant changes or amendments and/or reasons below:

Date	Version	Changes Made/Reasons for Changes	Changed By
27.09.2021	1.0	Approval and Adoption	The Board