



LI-S ENERGY LIMITED
ACN 634 839 857

**AUDIT AND RISK COMMITTEE
CHARTER**

1. PURPOSE

1.1 The Audit and Risk Committee ("**Committee**") is a sub-committee of the Board of the Company, created to assist the Board in the effective discharge of its responsibilities for:

- financial reporting;
- internal financial and risk control and management structures; and
- internal and external audit functions.

1.2 This Charter outlines the objectives, roles, responsibilities, authority and composition of the Committee.

1.3 The Committee's Charter shall be reviewed by the Board annually and updated as required.

2. ROLE & RESPONSIBILITIES OF THE COMMITTEE

Audit

2.1 The Committee will review, report and where relevant make recommendations to the Board on the following matters:

- the annual and half yearly financial reporting carried out by the Company and adoption of those reports by the Board;
- the accounting policies and processes of the Company and any changes proposed to the same;
- the scope and audit programmes of the internal and external auditors and any material issues arising from these audits;
- receiving the financial records declaration from the CFO and CEO;
- overseeing the independence, objectivity and performance of external auditors and determining procedures for the rotation of audit partners; and
- the effectiveness and integrity of the Company's systems of accounting and internal financial controls, including in respect of financial reporting and the preparation of external financial statements.

- 2.2 In addition, the Committee will recommend to the Board the appointment, reappointment and replacement of internal and external auditors and the level of their fees.
- 2.3 The Committee will consider annually the issue of whether the Company requires the appointment of an internal auditor and, if so, will review and approve the appointment and removal of the executive responsible for internal audit.

Risk

- 2.4 Further, the Committee will review and report to the Board on the following matters:
- creating and maintaining policies on risk oversight and management, including any Code of Conduct, Supplier Code of Conduct, Bribery and Corruption Policy or Whistleblower Policy;
 - assessing the currency of the Company's statement of risk appetite;
 - reviewing the insurance program against the Company's operations;
 - causing a risk register to be created and maintained by the Group Chief Risk Officer which identifies current and emerging sources of risk as well as accompanying mitigations and controls;
 - allocating management responsibility for certain items on the risk register and ensuring appropriate management accountability;
 - tracking the duration of open risk items and closing those that have been addressed; and
 - monitoring compliance with internal processes and controls on at least an annual basis.
- 2.5 The Board has implemented the Risk Oversight and Management Framework to ensure that the Company's risks are identified, analysed, evaluated, monitored, and communicated within the organisation on an on-going basis, and that adequate controls are in place and functioning effectively.
- 2.6 The Committee remains responsible for:
- administering and maintaining the Risk Oversight and Management Framework on behalf of the Board, including conducting a review of its sufficiency on at least an annual basis;
 - monitoring management's performance against the Risk Oversight and Management Framework;
 - monitoring the Company's performance against the stated risk appetite; and
 - making recommendations to the Board in connection with the above.

3. COMPOSITION & MEMBERSHIP

- 3.1 To the extent practicable, the Committee will consist of at least three (3) members, each of whom will be non-executive directors and a majority of whom will be independent directors.

- 3.2 Committee members must have a working familiarity with basic finance and accounting practices, and, to the extent practicable, at least one (1) member must have accounting or associated financial management experience.
- 3.3 The Board shall be responsible for appointing the members of the Committee, including the chair ("**Committee Chair**"). The Board will review the performance and composition of the Committee on an annual basis.
- 3.4 The Committee Chair must not also be the Chairman of the Board.
- 3.5 The Committee may appoint a Secretary at its discretion. The Secretary will be responsible for organising meetings of the Committee, preparing agendas and drafting minutes.

4. MEETINGS OF THE COMMITTEE

- 4.1 The Committee shall meet as frequently as required but not less than two (2) times a year, ordinarily in February and August.
- 4.2 The Committee Chair may call a meeting of the Committee and any member of the Committee may request that the Committee Chair do so. All members of the Board are automatically entitled to attend a meeting of the Committee and members of management may also be invited by the Committee Chair.
- 4.3 Two (2) members of the Committee shall constitute a quorum, unless otherwise determined by the Board.
- 4.4 The Committee will meet with the external auditors and/or the internal auditors, if appointed, without members of management being present whenever it is deemed appropriate by the Committee Chair.
- 4.5 Any meeting may be held by means of conference call or any other means of communication that may, under the Corporations Act or the constitution of the Company, be used for Board meetings.
- 4.6 Should the Committee Chair be absent from the meeting, the members of the Committee present at the meeting have the authority to choose one of their number to chair that particular meeting.
- 4.7 The Secretary will distribute in advance of a meeting the Committee agenda and any related papers to each member of the Committee and any other persons determined by the Committee Chair.
- 4.8 Where a member has a conflict of interest in a matter, the Secretary will provide the person with notice of the matter but, unless the other members of the Committee determine otherwise, will not provide that person with papers in relation to that matter.
- 4.9 The Secretary will prepare minutes of meetings and have them approved and signed by the Committee Chair. Minutes of meetings shall be confirmed within a reasonable period.
- 4.10 The Committee Chair will report to the Board following each Committee meeting. If minutes of the Committee meeting are available these are to be tabled at the next practicable meeting of the Board.

5. AUTHORITY

- 5.1 The Committee reports to the Board and exercises authority conferred by the Board.
- 5.2 In the performance of its duties, the Committee shall have all necessary powers to perform its roles, including authority to:
- discuss directly with employees, management, internal auditors (if any) and external auditors, any issue within the ambit of its function;
 - request reports, explanations and information of any of the activities, procedures or accounts of the group;
 - institute special investigations at its own discretion;
 - engage external consultants or experts to assist in any of its work; and
 - consult the Company Secretary, obtain external legal advice or other professional advice if it considers this necessary.
- 5.3 The Company will pay all of the costs associated with the operation of the Committee.
- 5.4 Other than the appointment or removal of an internal auditor, the Committee is not authorised to make decisions on behalf of the Board.
- 5.5 Decisions regarding the overall management and oversight of the Company (including in the areas of audit and risk) are to remain the responsibility of the full Board despite the establishment of the Committee.

Dated: February 2022