
Audit and Risk Committee Charter

1. INTRODUCTION

The Audit and Risk Committee Charter sets out the composition, role and responsibilities of the Audit and Risk Committee (the “**Committee**”) of Lincoln Minerals Ltd (**Company**) and describes the functions of the Committee.

1.1 Purpose of the Audit and Risk Committee

The Audit and Risk Committee (**Committee**) has been established by the Board of the Company to assist the Board in fulfilling its responsibilities in respect of:

- (a) ensuring that the Company has the appropriate ethical standards and corporate governance policies and practices in place in order to protect and enhance shareholder returns.
- (b) ensuring, so far as possible, that policies are properly embedded within the Company’s operations and that all who work for and with the Company embrace these policies and standards as a normal and necessary element of managing the Company to maximise value for shareholders.
- (c) establishing appropriate remuneration levels and policies including incentive policies for directors and executives; and
- (d) identifying and selecting appropriate individuals for nomination as members of the Board.

1.2 Objectives

The Committee assists the Board by monitoring the implementation of Board policy and making recommendations to the Board in respect of matters for which it is responsible.

The Committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Committee will also oversee:

- (a) the effectiveness of the Company’s internal controls.
- (b) an effective independent audit process, including approving the appointment and assessing the performance of the external auditor.
- (c) reliable and timely financial management and corporate reporting.
- (d) the effectiveness of the Company’s risk management framework; and
- (e) maintenance of effective systems of internal monitoring and accounting, financial and operational controls.

2. ROLE OF THE COMMITTEE

The Committee’s primary functions are to:

- (a) Review the integrity of the Company’s financial information and systems, internal and external reporting.

- (b) Review the internal controls, policies and procedures that the Company uses to identify and manage business risks.
- (c) Review the external auditor's annual and half year audit of the financial statements.
- (d) Review and assess the external auditors' activities, scope and independence.
- (e) Review and assess the internal auditors' activities, scope and independence.
- (f) Review the management process for the identification of significant business risks and exposures (including fraud), and review and assess the adequacy of management information and internal control structures.
- (g) Obtain regular updates from management, matters that may have a material impact on the company's activities.
- (h) Communicate with specified external stakeholders with respect to its role. External stakeholders are current and potential external auditors and internal auditors as well as parties nominated by the Board.
- (i) Communicate with the Company's financiers and bankers with respect to ongoing financial facilities.

The existence of the Committee does not diminish the Board's responsibility to ensure the integrity of the financial reporting and to manage risk.

3. RESPONSIBILITIES OF THE COMMITTEE

3.1 Financial Reporting

The duties of the Committee with respect to financial reporting are:

1. Making a recommendation to the Board as to whether the Company's financial statements, in the Committee's opinion, reflect a true and fair view of the financial position and performance of the Company.
2. Reviewing financial statements, including for adherence to accounting standards and policies as well as the requirements of the Corporations Act 2001.
3. Assessing significant estimates and judgments in financial reports by asking management about the process used in making material estimates and asking the external auditors the basis for their conclusions on the reasonableness of management's estimates.
4. Reviewing significant financial reporting issues, including complex or unusual transactions; highly judgmental areas; and recent professional and regulatory announcements and understanding their effect on the financial report.
5. Reviewing with management and the external auditors the results of the audit, including any difficulties encountered.
6. Reviewing management processes supporting compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information, including ensuring the information does not conflict with the financial statements and other documents.

3.2 Risk Management

The Committee shall consider and use its reasonable endeavours to:

1. Maintain an up-to-date understanding of areas where the Company is, or may be, exposed to risk and compliance issues and check that management is effectively managing those issues, such as:
 - a) non-compliance with laws, regulations, standards and best practice guidelines including employment, environmental and trade practice laws.
 - b) litigation and claims.
 - c) fraud, theft or other breakdown of the entity's internal controls; and
 - d) relevant business risks not dealt with by other Board committees.
2. Examine and evaluating the effectiveness of the internal control system with management, internal and external auditors.
3. Receive and consider reports on risk management and compliance programs and performance against policy and strategic targets.
4. Make recommendations to the Board on the appropriate risk and risk management reporting requirements.
5. Examine any matters referred to it by the Board.
6. Review products that are sold by the Company in the normal course of business that require a position on risk as part of the decision-making process.
7. Receive reports from Management on the internal control structure, risk management systems and fraud detection systems.
8. Overseeing Management's control framework to manage and mitigate cyber security and data risks.
9. Assessing the adequacy of the Company's group disaster recovery management plans.
10. Reviewing the credit risk policies and actions taken for material non-payments by creditors.
11. Ensuring that Management has implemented effective processes for the identification of areas of material business risk.

3.3 External Auditor

The Committee's duties include to:

1. Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external audit provider.
2. Review and approve the external audit plans, including identified risk areas and any additional agreed-upon procedures, and the annual engagement letters of the external auditor, including payment of annual fees and variations to approved fees.
3. Monitor and note compliance by the external auditor with the independence requirements imposed by the Corporations Act 2001. Receive and review the auditor's independence declaration to be provided to the Directors by the external auditor pursuant to section 307C of the Corporations Act 2001.
4. Monitor and critique management's responsiveness to the external audit provider's findings and recommendations – ask the provider if there have been any significant disagreements with management (irrespective of whether they have been solved).
5. Provide the opportunity for Committee members to meet with the external audit provider without management personnel being present at least once a year.

6. Advise the board on the rotation of the external audit provider at intervals of approximately each five years or otherwise as appropriate.
7. Approve rotation of partners of the external auditor.
8. Implement a process for approval of all audit and non-audit services provided by the external auditor (who are not to be appointed to undertake any non-audit assurance services that may impair the external auditor's judgment or independence in respect of the Company).

3.4 Internal Auditor

Where the Company has appointed an Internal Auditor, the Committee's duties include to:

1. Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the internal audit provider.
2. Review and approve the internal audit plans, including identified risk areas and any additional agreed-upon procedures, and the engagement letters of the internal auditor, including payment of fees and variations to approved fees.
3. Monitor and critique management's responsiveness to the internal audit provider's findings and recommendations – ask the provider if there have been any significant disagreements with management (irrespective of whether they have been solved).

3.5 Responsibilities with respect to related party transactions

The Committee is responsible for reviewing and monitoring the propriety of related party transactions.

3.6 Compliance

The Committee is responsible for reviewing and monitoring the:

1. Adequacy and effectiveness of the Company's policies and procedures which relate to risk management and compliance and reviewing the completeness and accuracy of the Company's principal corporate governance practices.
2. Company's compliance with legal and regulatory requirements.
3. Risk management reporting from Management for the Committee.
4. Corporate Governance Policies for the Company.
5. Insurance program for the Company; and
6. Risk management and internal control processes to mitigate material risks.

4. ADMINISTRATION

4.1 Membership

The Committee shall comprise the following membership structure:

- (a) at least 3 members comprised solely of non-executive directors.
- (b) a majority of independent non-executive director members; and
- (c) an independent Chairperson appointed by the Board who is not Chairperson of the Company.

4.2 Financial literacy

- (a) All Committee members must be financially literate and must be able to read and understand financial statements. It is appropriate that members of the Committee have a range of different backgrounds, skills and experiences, having due regard to the operational, financial and strategic risk profile of the Company.
- (b) At least one member of the Committee should have accounting or related financial management expertise and at least one member should have a detailed understanding of the industry in which the Company operates.

4.3 Secretary

The Company Secretary shall be the Secretary of the Committee.

4.4 Quorum

- (a) A quorum of the Committee will comprise two members, at least one of which must be an independent director.
- (b) All members of the Board have a standing invitation to attend meetings of the Committee.

4.5 Voting

A resolution of the Committee requires the agreement of a majority of members present.

4.6 Meetings

Committee meetings will be held at least twice per annum.

4.7 Records and Reporting

- (a) The Committee shall establish and maintain files, which will contain the following:
 - i. this Charter document (which shall also be available on the Company's website).
 - ii. copies of the confirmed minutes of all meetings of the Committee.
 - iii. copies of all written submissions to the Board by the Committee and copies of the confirmed Board minutes relating to such submissions; and
 - iv. details of any changes to the composition of the Committee or its Charter.
- (b) The Committee may report to the Board at any time on any matter as the Committee sees fit.
- (c) Minutes of the Committee meetings will be kept and provided to the Board at the next meeting following the Committee meeting to which the minutes relate, along with any recommendation of the Committee.

4.8 Conflicts of Interest

Members of the Committee will not be present or vote on matters that involve a conflict of interest or involve relatives or close friends of the relevant member.

4.9 Access to Information

- (a) The Committee is authorised by the Board to investigate any activity within its Charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.
- (b) The Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary.

4.10 Authority

The Audit and Risk Committee has no decision-making power but is required to make recommendations to the Board on all matters within its Charter.

The Board has authorised the Committee, within the scope of its duties and responsibilities set out in this charter to:

- (a) Perform the activities required to address its responsibilities and make recommendations to the Board.
- (b) Resolve any disagreements between management and the external auditor, with areas of significant disagreement being advised to the Board.
- (c) Subject to the agreed protocol:
 - (i) Require the attendance of any company manager or staff member at meetings, as appropriate.
 - (ii) Have unrestricted access to management, employees and information it considers relevant to its responsibilities under this charter.
 - (iii) Have direct access to the Company's external and internal auditors.

The Committee will meet with external auditors, in the absence of management, as often as required, but not less than once a year.

The Committee has the power to engage any independent expert that it considers necessary or appropriate to help it fulfil its duties. Costs associated with these investigations will be borne by the Company.

The role and function of the Committee may be amended at the discretion of the Board.

4.11 Committee performance

The performance of the Committee will be reviewed annually by the Board.

5. Review, approval and adoption

This charter will be reviewed periodically as required.

The charter was adopted by the board in August 2022

This charter was reviewed by the board in August 2024