



## Audit Committee Charter

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## Table of Contents

	<i>Page</i>
<b>1.0 PURPOSE</b>	<b>1</b>
<b>2.0 CONSTITUTION AND AUTHORITY</b>	<b>1</b>
<b>3.0 MEMBERSHIP</b>	<b>1</b>
<b>4.0 MEETING ARRANGEMENTS</b>	<b>2</b>
<b>5.0 RESPONSIBILITIES</b>	<b>2</b>
<b>6.0 REPORTING MECHANISM TO THE BOARD</b>	<b>3</b>
<b>7.0 RELIANCE</b>	<b>3</b>
<b>8.0 REVIEW PROCESS</b>	<b>4</b>

## **1.0 PURPOSE**

The Board of Directors of Lycopodium Limited ("the Board") has established an Audit Committee ("the Committee") within the terms of the "Board of Directors Charter" ("Board Charter").

The overall purpose of the Committee is to protect the interests of the Company shareholders and other stakeholders by overseeing on behalf of the Board:

- the quality and integrity of the Company's financial statements, accounting policies, financial reporting and disclosure practices
- the effectiveness and adequacy of the control environment and the processes for identifying and managing risk
- the external audit function and its cost effectiveness, the independence and objectivity of the external auditor and
- treasury and taxation practices.

The Committee will assist the Board by making appropriate recommendations. The Committee does not make the decisions on behalf of the Board unless such authority in respect of any matter is expressly delegated by the Board.

## **2.0 CONSTITUTION AND AUTHORITY**

The Audit Committee is governed by the Company's constitution regulating the meetings of the Board and the committees formed by it.

The Audit Committee is given full authority by the Board to investigate any matter within its terms of reference, full access to and cooperation by management and discretion to invite any director or executive officer to attend meetings and reasonable resources to enable it to discharge its functions properly.

The Committee may obtain such independent legal, financial and other advice as it considers necessary with the cost to be borne by the Company.

## **3.0 MEMBERSHIP**

The Audit Committee shall be appointed by the Board from amongst its members, and shall comprise of not less than three Directors.

The Chairperson of the Audit Committee is appointed by the Board.

At least one member shall have significant, recent and relevant financial experience.

## **4.0 MEETING ARRANGEMENTS**

The Audit Committee shall meet at least two times a year. Additional meetings may be held if requested by the Committee Chairperson.

A quorum for Audit Committee meetings shall be two members present and voting.

The Managing Director and/or Chief Executive Officer and Chief Financial Officer will be present for the entirety of all meetings except where the Committee Chairperson requests otherwise. The Chairperson may invite other senior management to attend meetings as appropriate.

The internal (if appointed) and external auditor will attend meetings at the invitation of the Chairperson. The Chairperson may invite other advisors, consultants or experts as appropriate.

The Committee has the authority to meet with external and internal auditors, without management.

The secretary of the Audit Committee shall be the Company Secretary and will be responsible for the minutes of meetings.

## **5.0 RESPONSIBILITIES**

The Audit Committee shall oversee the external audit function. This oversight will include:

- reviewing the performance of the external auditor
- review and consider the appointment and re-appointment of the external auditors and terms of engagement
- evaluating the independence of the external auditor and review the company's non-audit services and related fees
- reviewing the appropriateness of the audit approach, scope and methodology
- reviewing the results of the auditors work with particular emphasis on unresolved or unadjusted issues between auditors and management, and
- providing a direct line of communication between the external auditor and the Board which is independent of management.

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- reviewing compliance with Accounting Standards, Financial Reporting Standards and Australian Securities Exchange requirements and other legal requirements
- reviewing the position taken by Management on significant transactions and accounting issues and/or any unusual or highly judgemental matters

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- monitoring the effectiveness of the accounting and internal control systems
  - reviewing the half year and full year Financial Statements and making the necessary recommendations to the Board
  - review the board's governance structures align with AASB S2 requirements including oversight of climate-related risks and opportunities
  - reviewing the completeness, accuracy and clarity of climate related disclosures for Board approval
  - confirming there being no unresolved issues between management and the external auditors
  - reviewing other financial information distributed externally as required.

The Audit Committee will review other key financial processes for prudent management practices are in place for funding, tax planning and reporting.

The Audit Committee shall assist the Board with regard to oversight of the Company's risk management practices by:

- developing an understanding of key risk areas and the consequences of major risk events
- gaining assurance as to the adequacy of the Company's policies and processes for integrating risk management into its operations
- reviewing the insurance strategy and determining the extent to which it aligns with the risk exposure of the company.

## **6.0 REPORTING MECHANISM TO THE BOARD**

The secretary shall circulate the minutes of all meetings of the Audit Committee to members of the Board.

The Audit Committee shall report to the Board after each Committee meeting the outcome of Committee proceedings and any reviews, and any recommendations.

The Board shall disclose the names of the members of the Audit Committee, the number of meetings held in the year, and the attendance of each of the members at such meetings in the Company's annual report.

## **7.0 RELIANCE**

The Committee members are entitled to rely on assurances from the Managing Director and/or Chief Executive Officer and Chief Financial Officer that:

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- the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and
  - that the Company's risk management and internal control systems are adequate and effective.

## **8.0 REVIEW PROCESS**

The Charter, composition and annual agenda for the Audit Committee will be reviewed at least annually. Any changes to this Charter will require the approval of the Board.

The Audit Committee will undertake a formal process of self-assessment on at least an annual basis. The results of this assessment will be communicated to the Board in order to assist the Board in its periodic review of the effectiveness of the Audit Committee.

This Charter was approved by the Lycopodium Limited Board.



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**Rod Leonard**  
**Chairman**