



**sunrise**  
energy metals

# Audit, Finance and Risk Committee Charter

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Sunrise Energy Metals Limited ACN 127 457 916  
(Company)

# Audit, Finance and Risk Committee Charter

## 1. Introduction

- 1.1. The Audit, Finance and Risk Committee (**Committee**) is a committee of the Board of Directors (**Board**) of Sunrise Energy Metals Limited (**Company**).
- 1.2. The Board established the Committee under the Company's constitution.
- 1.3. This charter sets out the scope of the Committee's responsibilities in relation to the Company and its controlled entities (**Group**).
- 1.4. The role of the Committee is not an executive role.

## 2. Objectives

The main objectives of the Committee are to:

- (a) help the Board achieve its objective in relation to:
  - (i) financial reporting (internal and external);
  - (ii) annual budgets;
  - (iii) the application of accounting policies;
  - (iv) business policies and practices;
  - (v) legal and regulatory compliance;
  - (vi) crisis management and security
  - (vii) internal control; and
  - (viii) risk management ;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance and ensure effective compliance function and supporting policies and procedures;
- (d) provide a forum for and ensure effective communication between the Board and the senior compliance manager; and
- (e) ensure effective internal (if relevant) and external audit functions and communication between the Board and the external and internal auditors.

## 3. External financial reporting

The Committee is responsible for:

- (a) assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (b) making recommendations to the Board in relation to whether the Company's / Group'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 / Group;

- (c) obtaining an independent judgment from the external auditor about:
  - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
  - (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
- (d) assessing any significant estimates or judgments in the financial reports (including those in any consolidated financial statements) by:
  - (i) querying management as how they were made; and
  - (ii) querying the external auditors as how they concluded that those estimates were reasonable;
- (e) reviewing compliance with all related party disclosures required (where applicable) by accounting standards and the *Corporations Act 2001* (Cth) (**Act**);
- (f) assessing information from internal and external auditors that may affect the quality of financial reports (for example, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations, and internal control issues);
- (g) reviewing any quarterly, half-yearly and annual financial reports (including those prepared on a consolidated basis) with management, advisers, and the internal and external auditors (as appropriate) to assess (among other things):
  - (i) the compliance of accounts with accounting standards and the Act; and
  - (ii) the nature and impact of any changes in accounting policies during the applicable period;
- (h) discussing any draft audit opinion letter with the external auditors before it is finalised;
- (i) receiving any management letter from the external auditors;
- (j) recommending for adoption by the Board interim and final financial reports and the annual report;
- (k) reviewing documents and reports to regulators and recommending to the Board their approval or amendment; and
- (l) following up on any matter raised by the Board regarding financial reports, audit opinions and management letters.

## 4. Risk management and internal control

The Committee is responsible for risk management and internal controls within the Company.

### *Risk management and internal compliance and control systems*

- (a) overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing the efficiency and effectiveness of those systems;
- (b) assessing the adequacy of the internal risk control system with management and internal and external auditors;
- (c) monitoring the effectiveness of the internal risk control system and processes;

- (d) approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - (i) identifying, assessing, monitoring and managing risk; and
  - (ii) disclosing any material change to the risk profile;
- (e) overseeing and monitoring the effectiveness of the Company's Crisis Management system;
- (f) ensuring the risk management system takes into account all material risks, including risks arising from:
  - (i) implementing strategies (strategic risk);
  - (ii) legal and regulatory compliance (legal risk);
  - (iii) changes in financial and physical market prices (market risk);
  - (iv) being unable to fund operations or convert assets into cash (liquidity risk);
  - (v) operations or external events (operational risk);
  - (vi) environmental (environmental risk);
  - (vii) occupational health and safety (OHS risk);
  - (viii) changes in community expectation of corporate behaviour (reputation risk);
  - (ix) changes to legal framework or regulatory requirements (regulatory risk);
  - (x) impacts of climate change (climate change risk)
  - (xi) implementation of technical solutions (technology risk);
  - (xii) project delivery (project risk) ;
  - (xiii) a counterparty's financial obligations within a contract (credit risk); and
  - (xiv) financial activities (financial risk);
- (g) assessing if management has controls in place for unusual transactions and any potential transactions that may carry more than an acceptable degree of risk;
- (h) review and report to the Board on the risk management disclosure in the Company's Annual Report, and all other risk management information published by the Company or released to the market;
- (i) ensure that procedures for whistle blower protection are adequate; and
- (j) review and report to the Board on material non-compliance with legislation and regulations across the Company.

*Key financial risk*

- (a) assessing and prioritising the areas of greatest potential financial risk, including:
  - (i) safeguarding assets;
  - (ii) litigation and claims;
  - (iii) non-compliance with laws, regulations, standards and best practice guidelines that may result in significant financial loss; and
  - (iv) maintenance of proper accounting records;
- (b) assessing the internal process for determining areas of greatest potential financial risk;
- (c) assessing and monitoring the management of areas of greatest potential financial risk;
- (d) reporting to the board on the adequacy of the financial risk management;

#### *Legal and regulatory risk*

- (a) assessing and prioritising the areas of greatest legal and regulatory risk;
- (b) assessing the internal process for determining, monitoring and managing areas of greatest legal and regulatory risk;
- (c) receiving reports from management of any actual or suspected fraud, theft or other breach of the law;
- (d) monitoring compliance with legal and regulatory obligations;
- (e) reporting and making recommendations to the Board regarding:
  - (i) the management of areas of greatest legal and regulatory risk (including fraud and theft); and
  - (ii) compliance with legal and regulatory obligations;
- (f) receiving and reviewing reports from the senior compliance manager;

#### *Disclosure and reporting*

- (a) ensuring management establishes a comprehensive process to capture information that must be disclosed to the Australian Securities Exchange (ASX) and any other relevant exchange as applicable;
- (b) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information (including, among other things, preliminary announcements, interim reporting, open or one-on-one briefings and continuous disclosure);
- (c) assessing management's processes for ensuring non-financial information in documents (both public and internal) does not conflict inappropriately with financial reports and other documents;
- (d) assessing internal control systems relating to the release of potentially adverse information.

#### *Internal Policies*

- (a) review and recommend related policies to the Board
- (b) review any breaches of key Company policies;
- (c) provide approval for Directors to deal in Securities; and
- (d) provide approvals when required by an Independent Non-Executive Director in relation to financial matters.

## **5. External audit**

The Committee is responsible for:

- (a) approving and recommending to the Board for acceptance, the terms of engagement with the external auditor at the beginning of each year;
- (b) regularly reviewing with the external auditor:
  - (i) the scope and adequacy of the external audit;
  - (ii) identified risk areas; and
  - (iii) any other agreed procedures;
- (c) approving and recommending to the Board for adoption, policies and procedures for appointing or removing an external auditor, including criteria for:

- (i) technical and professional competency;
- (ii) adequacy of resources; and
- (iii) experience, integrity, objectivity and independence;
- (d) recommending to the Board for approval, the appointment or removal of an external auditor based on those policies and procedures referred to in paragraph (c);
- (e) reviewing and assessing on a regular basis the compliance of the external auditor with criteria referred to in paragraph (c);
- (f) recommending to the Board the remuneration of the external auditor;
- (g) regularly reviewing the effectiveness and independence of the external auditor taking into account:
  - (i) the length of appointment;
  - (ii) the last dates lead engagement partners were rotated;
  - (iii) an analysis and disclosure of fees paid to external auditors, including the materiality of fees paid for non-audit services and the nature of those services; and
  - (iv) any relationships with the Group or any other body or organisation that may impair or appear to impair the external auditor's independence;
- (h) satisfying itself that the external auditor can do an effective, comprehensive and complete audit for the external auditor's set fee;
- (i) recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (j) meeting periodically with the external auditors and inviting them to attend Committee meetings to:
  - (i) review their plans for carrying out internal control reviews;
  - (ii) consider any comments made in the external auditor's management letter, particularly, any comments about material weaknesses in internal controls and management's response to those matters; and
  - (iii) make recommendations to the Board;
- (k) asking the external auditor if there have been any significant disagreements with management, whether or not they have been resolved;
- (l) monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations;
- (m) reviewing all representation letters signed by management and ensuring information provided is complete and appropriate; and
- (n) receiving and reviewing the reports of the external auditor.

## 6. Internal audit

The Committee is responsible for determining the need and appropriateness of an internal audit function within the Company. The Board has resolved that the requirement for an internal audit capability be reviewed regularly on the recommendation of the Committee as to the need for an ongoing internal audit or for specific one-off internal audit projects.

If it is determined that the Company ought to have an internal audit function or for a specific one-off appointment to be made, the Committee will be responsible for:

- (a) the appointment or removal of any chief internal audit executive or any external permanent or one-off appointment;
- (b) the scope and adequacy of the internal audit work plan;
- (c) the independence, objectivity and performance of the internal audit function;
- (d) ensuring any chief internal audit executive is independent of the external auditor;
- (e) ensuring the external auditor does not provide internal audit services;
- (f) overseeing the scope of the internal audit, including reviewing the internal audit team's terms of reference, mission, charter, qualifications and resources;
- (g) reviewing and approving the scope of the internal audit plan and work program;
- (h) monitoring the progress of the internal audit work program and considering the implications of the internal audit findings for the control environment;
- (i) monitoring and reporting to the Board on management's responsiveness to internal audit findings and recommendations;
- (j) evaluating the process for monitoring and assessing the effectiveness of the internal audit function;
- (k) overseeing the liaison between the internal audit team and the external auditor;
- (l) receiving and reviewing the internal audit team's reports; and
- (m) ensuring the internal audit team reports directly to the Committee.

## 7. Finance

The Committee is responsible for:

- (a) reviewing the draft annual budget and any amendments to the budget before submission to the board;
- (b) review and recommend to the board the delegation of financial authorities;
- (c) reviewing and recommending to the board any finance-related policies, including credit-risk;
- (d) overseeing taxation arrangements and review and recommend to the Board any material taxation advice;
- (e) reviewing monthly, quarterly and half yearly financial reports and reporting to the board on any identified issues; and
- (f) reviewing and recommending to the board any other material financial advice.

## 8. Other responsibilities

The Committee is responsible for:

- (a) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime, special accident and trustees liability;
- (b) overseeing and monitoring any related-party transactions;

- (c) if it considers appropriate, investigating any complaint or allegation made to it;
- (d) reporting to the Board on any industry development affecting the control environment;
- (e) reviewing and monitoring any related party transaction and recommending its approval; and
- (f) ensuring the audit, risk management and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

## 9. Committee composition

- 9.1. The Board will appoint at least three non-executive directors to the Committee taking into account the prevailing ASX Corporate Governance Guidelines. Other directors have a standing invitation to attend each meeting.
- 9.2. The Board will appoint an independent director as Chairperson of the Committee.
- 9.3. The role of the Chairperson of the Committee is to:
  - (a) determine the agenda for meetings of the Committee in conjunction with the Secretary of the Committee;
  - (b) chair meetings of the Committee and take reasonable steps for the proper functioning of the Committee, including the proper conduct of meetings and an appropriate level of discussion;
  - (c) ensure adequate flow of relevant information to the Committee;
  - (d) advise the Board on the Committee's recommendations to the Board on matters falling within the scope of the Committee's responsibilities;
  - (e) review the minutes of meetings of the Committee for circulation to and approval of the Committee, and sign the approved minutes; and
  - (f) act under a delegation of the Committee, including liaising on behalf of the Committee with consultants advising the Committee.
- 9.4. The Board decides appointments, rotations and resignations within the Committee having regard to the ASX Listing Rules, the Act and the Company's constitution.
- 9.5. The Committee must include at least one member with experience of financial and accounting matters.

## 10. Committee meetings

- 10.1. The Committee will meet a minimum of two times per year.
- 10.2. The quorum for a Committee meeting is two Committee members.
- 10.3. Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 10.4. The Committee may pass or approve a resolution without holding a meeting in accordance with the procedures (so far as they are appropriate) in section 248A of the Act.
- 10.5. The Committee may invite other persons it regards appropriate to attend Committee meetings.
- 10.6. The Company Secretary (or delegated as approved by the Committee) will act as Secretary of the Committee and shall be responsible, in conjunction with the Chairperson of the Committee, for drawing up the agenda and circulating the Committee papers prior to each meeting.



## **11. Minutes of Committee meetings**

- 11.1. The Secretary will be responsible for keeping the minutes of its meetings and circulating them to the Chairperson of the Committee for review, the other Committee members, the other members of the Board and other Committee meeting attendees as appropriate.
- 11.2. Minutes, agenda and supporting papers are available to directors upon request to the Committee Secretary, except if a conflict of interest exists.

## **12. Reporting to the board**

- 12.1. The Committee Chairperson must report the Committee's findings to the Board after each Committee meeting.

## **13. Access to information and independent advice**

- 13.1. The Committee may seek any information it considers necessary to fulfil its responsibilities including from management and external advisers as appropriate, at the Company's cost.

## **14. Review and changes to this charter**

- 14.1. The Committee will review this charter annually or as often as it considers necessary.
- 14.2. The Board may change this charter from time to time by resolution.

## **15. Approved and adopted**

- 15.1. This charter was approved and adopted by the Board on 18 August 2021 and subsequently reviewed on 26 February 2024.