Audit and Risk Committee Charter

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1. INTRODUCTION

The Board of Directors (**Board**) of Liontown Limited (**Company**) has established a committee of the Board to be known as the Audit and Risk Committee (**Committee**).

The primary purpose of the Committee is to provide objective review and oversight of the financial reporting process, the audit process, the Company's system of financial internal controls, procedures and compliance, and the Company's risk management standard. This Audit and Risk Committee Charter (**Charter**) outlines the roles, responsibilities and composition of the Committee.

2. SCOPE

The role of the Committee is to assist the Board with discharging its oversight responsibilities with respect to:

- the financial reporting process and systems;
- the scope, performance and independence of the external audit function;
- the risk management, compliance and internal audit functions; and
- the Company's tax affairs.

Where possible overlap exists with other committees established by the Board, the committee Chairs will confer with the Board to agree the responsibility of each committee. Climate-related oversight responsibilities are shared between this Committee and the Sustainability Committee. The Sustainability Committee oversees the Company's ESG strategy, sustainability performance and non-financial sustainability reporting; this Committee retains responsibility for the integrity of climate-related financial disclosures under AASB S2, approval of the external assurance scope covering climate, and integration of climate-related risks within the enterprise risk management framework.

3. COMPOSITION AND OPERATIONS

The Committee shall, where practical, and subject to the composition of the Board, be structured so that it has at least three members, all of whom are non-executive directors and a majority of which are independent. The Committee shall be chaired by an appropriately qualified independent non-executive director who is not the Chair of the Board. The Chair of the Committee will be appointed by the Board.

The appointment and removal of Committee members is the responsibility of the Board. A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Chair of the Committee. If a Committee member ceases to be a director of the Company, their appointment as a member of the Committee is automatically terminated with immediate effect.

All members of the Committee must be financially literate (that is, be able to read and understand financial statements); at least one member must have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters); and all Committee members should have a reasonable understanding of the Company's business and the industry in which it operates.

In addition, at least one member of the Committee should have sufficient understanding of climate-related risks and sustainability reporting to support effective oversight of the Company's obligations under AASB S2 Climate-related Financial Disclosures.

All Company Directors will have a standing invitation to attend meetings of the Committee. From time to time, non-Committee members may also be invited to attend meetings of the Committee, if it is considered appropriate.

The Committee will meet at least quarterly or otherwise as required to fulfil its role. The quorum for any Committee meeting will be at least two Committee members. The Company Secretary will attend all Committee meetings as minute secretary and will be responsible for issuing and storing meeting notices, agendas, minutes and supporting papers. Minutes of all meetings of the Committee must be kept, and the meetings are to be governed by the same rules as set out in the Company's Constitution, as they apply to meetings of the Board. The minutes must be tabled at a subsequent meeting of the Board, and a report of actions taken by the Committee also given by the Chair of the Committee at subsequent meetings of the Board.

The Committee is a committee of the Board established in accordance with the Company's constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

4. RESPONSIBILITIES

In performing its role, the Committee will review, report and where required, make recommendations to the Board on the following key areas of focus.

4.1. Financial Reporting

a. To review and monitor the adequacy and effectiveness of the Company's strategies, policies, procedures and internal systems and controls in relation to financial matters, including tax and treasury operations, to:

   i. satisfy itself that they continue to be sound; and

   ii. that the Company is operating with due regard to the risk appetite;

b. To review the Company's financial statements and reports and recommend them to the Board for approval, including:

   i. assessing 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;

   ii. reviewing the sustainability and adequacy of the Company's accounting policies and principles and how they are applied in accordance with the statutory financial reporting framework;

   iii. reviewing compliance with Accounting Standards, Financial Reporting Standards, ASX requirements and other legal requirements;

   iv. assessing the appropriateness of the accounting judgments or choices exercised by management in preparing the Company's financial statements;

   v. reviewing debt arrangements and the Company's performance having regard to debt covenants (if any);

   vi. assessing information from the external auditor to ensure the quality of financial reports;

   vii. ensuring there are no material unresolved issues between management and the external auditors;

   viii. recommending to the Board whether the financial and associated non-financial statements should be signed based on the Committee's assessment of them.

   ix. overseeing the integrity of climate-related financial disclosures, including the AASB S2 Climate Report, to ensure they provide a true and fair view consistent with the applicable sustainability reporting framework; and

   x. reviewing climate-related financial disclosures prepared under AASB S2 and recommending them to the Board for approval, in conjunction with the financial statements.

4.2. External Audit

a. To manage external audit arrangements and external auditor independence, including:

   i. overseeing and making recommendations to the Board on the appointment, reappointment or replacement (subject to shareholder ratification, as required), remuneration and independence of the external auditor and the adequacy of the external audit, the rotation of the audit engagement partner and fees payable to the external auditor for audit and non-audit work;

   ii. reviewing performance and evaluating the independence of the external auditor having regard for the provision of any non-audit services by the external auditor which must be pre-approved by the Committee. The Committee may delegate a pre-approval dollar limit to the Chief Financial Officer and authority to a Committee member to pre-approve amounts in excess of this between Committee meetings as outlined in the Non-Audit Services Policy;

   iii. liaising with, and reviewing all reports of, the external auditor including audit plans, reports, management letters and independence declarations and monitoring whether any issues are being managed and rectified in an appropriate and timely manner;

   iv. discussing annually with the external auditor the overall scope, conduct and adequacy of the external audit and ensuring the external auditor attends the Company's Annual General Meeting and is available to answer questions from security holders relevant to the audit;

   v. reviewing the appropriateness of the audit approach, scope and methodology (to ascertain the extent to which it can be relied upon to detect weaknesses in internal controls or non-compliance with legal requirements);

vi. ensuring that any key risk areas for the Company and financial requirements are incorporated in the audit plan;

vii. providing a direct line of communication between the external auditor and the Board which is independent of management; and

viii. advising the Board on statements to be made in the directors' report regarding non-audit services in accordance with the Corporations Act.

ix. reviewing and approving, having regard to recommendations from the Sustainability Committee, the scope of external assurance over climate-related financial disclosures prior to engagement, and overseeing the outcomes of that assurance.

4.3. Internal Audit

a. having regard to available resources, establish the scope of an internal audit function and subsequently monitor and oversight of the function;

b. make recommendations to the Board on:

   i. the appointment and removal of the head of the internal audit function; and

   ii. the independence, objectivity and performance of the internal audit function.

c. the appointment and removal of the head of the internal audit function;

d. approve the Internal Audit Charter and any amendments thereto;

e. approve the scope and adequacy of the annual internal audit plan and budget;

f. approve the appointment and removal of the external internal audit partner;

g. review internal audit reports and monitor management's implementation of audit recommendations;

h. assess the independence, objectivity and performance of the internal audit function at least annually;

i. meet privately with the Head of Internal Audit (without management present) at least annually, or more frequently as required; and

j. make recommendations to the Board on the scope and adequacy of the internal audit function, consistent with the Internal Audit Charter.

4.4. Risk Management

a. to review and monitor the adequacy and effectiveness of the Company's risk management practices, including the Company's Risk Management Policy, Risk Management Standard, Risk Appetite, Risk Matrix and disclosure of any material exposure to risks;

b. to review the Company's risk register, including:

   i. whether the Company is operating within the risk appetite set by the Board;

   ii. ensuring that the risk management practices address contemporary and emerging sources of risk; and

   iii. the risk controls and actions that management has put in place to address identified risks.

c. to oversee climate-related risks (physical and transitional) as a component of the enterprise risk management framework, including reviewing management's identification, assessment, monitoring and disclosure of those risks in accordance with AASB S2, in conjunction with the Sustainability Committee.

4.5. Compliance

a. to review and monitor the adequacy and effectiveness of the Company's compliance practices, including implementation of a Compliance Policy and Compliance Management Standard;

b. to review compliance against the Company's Code of Conduct and policies, including (but not limited to) the Whistleblower Protection Policy, Gifts & Entertainment Policy, Related Party Transactions Policy and Anti-Bribery, Fraud and Corruption Policy;

c. to oversee the Company's financial controls and systems to ensure compliance with laws, regulations and the Company's Code of Conduct; and

d. perform such other functions as assigned by law, the Company's Constitution or the Board.

4.6. Governance

a. To review compliance with and adequacy of the Company's governance practices, including Charters, Policies and internal standards;

b. To consider whether the Company's annual Corporate Governance Statement reflects the Committee's understanding of the Company's governance practices and make a recommendation to the Board that it approves the Corporate Governance Statement.

c. to assist the Board in relation to the entry into, approval and disclosure of related party transactions (if any);

d. to review the process taken to verify the integrity of any periodic corporate report (to the extent the report relates to financial or tax matters) released to the market that has not been subject to audit or review by an external auditor;

4.7. Insurances

Review the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.

4.8. Tax

Consider the Company's tax affairs, including significant transactions and actions, tax strategy, governance, policies and standards, and tax risk.

5. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Company is to provide the Committee with access to adequate internal and external resources to undertake its duties, including the provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Committee.

The Committee has rights of access to management and has the authority to seek explanations and additional information from the Company's external auditor, without management present, when required. The Managing Director & Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the Internal Auditor will have unfettered access to the Committee.

The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibilities. The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The costs of such external advisors will be borne by the Company.

6. REPORTING

The Committee will:

a. regularly report to the Board on all matters relevant to the Committee's role and responsibilities and, as appropriate, make recommendations to the Board on such matters;

b. advise the Board in a timely manner of audit, financial reporting, internal financial control, risk management, insurance and compliance matters which may significantly impact upon the Company;

c. as and when appropriate, seek direction and guidance from the Board on audit, risk management, insurance, financial and tax compliance matters; and

d. consider if any material matters arising out of the Committee meeting should be advised to any other committee of the Board and if so, recommend to the Board that this occurs.

The Chair of the Committee, if appointed, is to be present at the Company's Annual General Meeting to answer any questions from security holders, through the Chair of the Board.

7. COMMITTEE PERFORMANCE

The Board will, at least once in each year, review the membership of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise to assist the Board in its review.

The Board will make an evaluation of the Committee's performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.

8. REVIEW OF CHARTER

The Committee will review this Charter at least biennially or sooner following a material change in the company's operations, structure, or regulatory obligations.

The Board may change this Charter (including the duties and responsibilities of the Committee) from time to time by resolution.

Policy Ref.	Policy Name	Version	Author	Approving Authority	Approved Date
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Liontown Limited

Level 2, 32 Ord Street
West Perth, 6005
Western Australia
PO Box 284 West Perth WA 6872

t +61 8 6186 4600
e info@liontown.com
www.liontown.com

ASX-LTR
ABN 39 118 153 825