

Risk and Audit Committee Charter

1. Role

The Board of Locality Planning Energy Holdings Limited (LPE) has established a Board and Audit and Risk Committee (**The Committee**) as part of its responsibilities in relation to the Corporate Governance of LPE. The Committee is not a policy making body but assists the Board by implementing Board Policies.

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance and to oversee risk.

This Charter defines the Committee's function, composition, mode of operation, authority and responsibilities.

The Committee is also guided by the Company's Risk Management Policy.

2. Composition

The Committee is a committee of the Board.

- a) The Committee must comprise at least three members.
- b) Committee membership will be comprised of at least two Board members and where applicable, appropriately qualified external member/s. An external member may be a former member of the Board,
- c) All appointments to the Committee including external members and the appointment of the Chairperson shall be approved by the Board.
- d) The Board may remove and replace members of the Committee by resolution.
- e) All members of the Committee must be able to read and understand financial statements and at least one member of the Committee will be a qualified accountant holding a current accounting certification (CPA or CA).
- f) Where practical, the Chairperson of the Committee must not be the Chair of the Board of Directors.
- g) The Chairperson shall have leadership experience and a strong finance, accounting, or business background.
- h) Other persons may attend meetings of the Committee, by invitation. Persons who may usually be invited include external auditors, senior executives as well as appointing any qualified person who it deems necessary to assist with the Audit and Risk Committee carrying out its function. These persons may take part in the business of and discussions at the meeting but have no voting rights.
- i) Membership of the Committee is to be confirmed annually by the Board in alignment with the AGM. Terms of appointment to the Audit & Risk Committee are to provide for both continuity of membership and fresh perspective.

- j) The Committee has the power to appoint any qualified person who it deems necessary to assist with the Committee carrying out its function.

3. Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- a) The quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices.
- b) Compliance with all relevant applicable financial laws, regulations and policies.
- c) The effectiveness and adequacy of relevant internal financial control processes.
- d) The management and safeguarding of the Company's assets.
- e) The performance of the Company's external auditors and their appointment and removal.
- f) The independence of the external auditor and the rotation of the lead engagement partner.
- g) The identification and management of financial risks.
- h) Perform such special reviews or investigations as the Board may consider necessary.

4. Duties and Responsibilities of the Committee

4.1 Review Financial Reports

- a) Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- b) Oversee the financial reports and the results of the external audits of those reports.
- c) Assess whether external reporting is adequate for shareholder needs.
- d) Assess management processes supporting external reporting.
- e) Establish procedures for treatment of accounting complaints.
- f) Review the impact of any proposed changes in accounting policies on the financial statements.
- g) Review the half yearly and annual results.

4.2 Relationship with External Auditors

- a) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- b) Review performance, succession plans and rotation of lead engagement partner.
- c) Approve the external audit plan and fees proposed for audit work to be performed.
- d) Discuss any necessary recommendations to the Board for the approval of half yearly or annual reports.
- e) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.

- f) Where practical, meet with the external auditors at least once on a half yearly basis without management being present and at any other time the Committee considers appropriate.
- g) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- h) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- i) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- j) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act 2001(Cth).

5. Meetings

- a) The Committee will meet at least each financial half and additionally as circumstances may require for it to undertake its role effectively.
- b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairperson of the Committee.
- c) Where deemed appropriate by the Chairperson of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- d) A quorum shall consist of two members of the Committee. In the absence of the Chairperson of the Committee or their nominee, the members shall elect one of their members as Chairperson of that meeting.
- e) Decisions will be based on a majority of votes, with the Chairperson having a casting vote.
- f) The Committee Chairperson, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- g) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

6. The Company Secretary

- a) The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.
- b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

7. Reliance on advice

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- a) An employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned.
- b) A professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence.
- c) Another Director or Officer of the Company in relation to matters within the Director's or officer's authority.

8. Access to advice

The Remuneration and Nomination Committee shall conduct a performance review of the Board, its committees, and individual Directors at times it considers appropriate that:

- a) Compares the performance of the Board with the requirements of the Charter.
- b) critically reviews the mix of the Board.
- c) Suggests any amendments to the Charter as are deemed necessary or appropriate.

9. Induction and Professional Development

As detailed in the Remuneration and Nomination Committee Charter, Directors participate in an induction program and are provided with continuing education and professional development opportunities.

10. Continuous Disclosure Policy

The Board should ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company.

11. Independence of Directors

It is the intention of the Board of LPE that its composition should include an equal number of independent Non-executive Directors.

The Board has determined a definition of an independent Director based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the nature of LPE's operations and businesses.

An independent Director is a Director who is not a member of management (a Non-executive Director) and who is free of any interest, position, association or relationship that could materially influence, or could reasonably be perceived to materially influence, the independent exercise of their judgment.

To be considered independent by the Board, the Director should meet the following criteria:

- a) Is not a shareholder holding more than 5% of the Company's shares or an officer of, or otherwise associated directly or indirectly with, a shareholder holding more than 5% of the Company's shares.
- b) Is not or has not been employed in an executive capacity by LPE, or, if the Director was so employed, there was a period of at least 12 months between ceasing to hold any such employment and being first appointed to the Board.
- c) Is not or has not within the three years prior to being first appointed to the Board, been a partner, director, or senior employee of a material professional adviser of the Company or another group member. An adviser is a "material professional adviser" for purposes of this criterion if its billings to the Company exceed 5% of its total revenues in the period. A Director who is a partner, director or senior employee of a professional adviser will not participate in any consideration of the possible appointment of the professional adviser and will not participate in the provision of any service to the Company by the professional adviser.
- d) Has no other material contractual relationship with the Company or another group member other than as a Director of the Company.
- e) Has no interest or relationship that could influence in a material respect a Director's ability to act in the best interests of the Company.
- f) Has no close family ties with any person who falls within any of the categories described above. "Close family ties" include a spouse, child, stepchild, dependant or a family member who may be expected to influence, or be influenced by the Director in their dealings with LPE
- g) Has not been a Director of the Company for such a period that, in the opinion of the rest of the Board, his or her independence or performance may have been compromised.
- h) Directors will update the Board with any information in relation to interests or relationships relevant to their independence. Based on the information received, the Board will regularly assess the independence of each Non-executive Director and disclose the independence status of Directors in the Annual Report. The Director concerned will not participate in the determination of his/her own independence. If a Director's independence status changes, disclosure will be made to the ASX in a timely manner.