



# **Charter of the Audit & Risk Committee**

**Lynas Corporation Limited**  
ACN 009 066 648

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(Company)

## Charter of the Audit & Risk Committee

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### 1. Introduction

- 1.1 The Audit & Risk Committee (**Committee**) is a committee of the Company's board of directors (**Board**).
  - 1.2 This Charter governs the roles, responsibilities, composition and membership of the Committee.
  - 1.3 The operation of the Committee is also governed, where applicable, by the constitution of the Company.
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### 2. Role of the Committee - Audit

- 2.1 In its capacity as the Audit Committee, the role of the Committee is to review and make recommendations to the Board in relation to:
    - (1) the adequacy of the Company's corporate reporting processes,
    - (2) 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,
    - (3) the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements,
    - (4) the appointment or removal of the external auditor,
    - (5) the rotation of the audit engagement partner,
    - (6) the scope and adequacy of the external audit,
    - (7) the independence and performance of the external auditor,
    - (8) any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor,
    - (9) the scope, adequacy and performance of any internal audit function.
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### 3. Role of the Board and the Committee - Risk

- 3.1 It is the role of the Board to set the risk appetite for the Company, to oversee its risk management framework and to satisfy itself that the framework is sound.
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- 3.2 The Board oversees the strategic planning of the Company, and that role includes periodically reviewing key risks of the Company and providing suggestions and guidance on the management of those risks.
- 3.3 In its capacity as the Risk Committee, the role of the Committee is to provide the Board with key assurances in relation to the Company's processes for managing risk. That role includes reviewing and making recommendations to the Board in relation to:
- (1) the risk appetite for the Company,
  - (2) key business risks of the Company,
  - (3) the adequacy of the Company's processes for managing risk,
  - (4) any incident involving fraud or other break down of the Company's internal controls,
  - (5) the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.
- 3.4 In addition, the Committee will review the Company's risk management framework at least annually to satisfy itself that it continues to be sound.

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## **4. Composition**

### **4.1 Members**

The Committee must only consist of non-executive directors. The Committee must have a minimum of 3 members, with the majority of members being independent directors.

The members of the Committee will be appointed and removed by the Board.

### **4.2 Expertise**

Each member of the Committee must be able to read and understand financial statements.

The Committee must also include:

- (1) at least 1 member who is a qualified accountant or other financial professional with experience of financial and accounting matters; and
- (2) some members who have an understanding of the mining industry and the chemical industry.

Members of the Committee must have an appropriate level of understanding of the principles of corporate governance, including knowledge of the ASX Limited (**ASX**) Principles of Good Corporate Governance and Best Practice Recommendations.

### **4.3 Chair and Secretary**

The Board will appoint an independent chair to the Committee (**Chair**). The Chair must not be the chair of the Board.

The Company secretary will act as secretary of the Committee (**Secretary**) unless determined otherwise by the Board.

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## **5. Meetings**

### **5.1 Frequency**

The Committee will meet as frequently as required but must, at a minimum, meet twice a year.

The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee.

### **5.2 Agenda and notice**

The Secretary will be responsible, in conjunction with the Chair, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than 7 days before the meeting.

### **5.3 Quorum**

A quorum for Committee meetings will be at least 2 members, save that 1 of the members of the quorum must be an independent director.

### **5.4 Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable.

### **5.5 Attendance**

A representative of the Company's external auditors will be invited to attend each Committee meeting. The Committee may invite any other person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee members.

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## **6. Powers**

### **6.1 Access**

The Committee has the right to obtain information, and unrestricted access to management and any internal and external auditors (with or without management present) and access to all Company records for the purpose of carrying out its responsibilities under this Charter.

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

### **6.2 Investigations and External Advice**

The Committee has the power:

- (1) to conduct any investigations it considers necessary; and
- (2) seek explanations and additional information.

The Committee has the power to seek advice from external consultants or specialists where the Committee considers that necessary or appropriate. Costs associated with this will be borne by the Company.

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## **7. Reporting**

### **7.1 Reporting to the Board**

All Directors will be invited to attend each meeting of the Committee. The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, the outcomes of the Committee's reviews and recommendations and any other relevant issues. The report must also include, at a minimum:

- (1) an assessment of whether external reporting is in line with the information and knowledge of the Committee and whether it is adequate for the needs of the Company's shareholders;
- (2) an assessment of the management processes which support external reporting;
- (3) assessment of the performance and independence of the external auditors and, given the provision by the external auditors of any non-audit services, whether the independence of the external auditors has been maintained; and
- (4) the results of the Committee's review of risk management and internal compliance and control systems.

### **7.2 Annual report**

Based on advice and recommendations from management and external specialists, the Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relate to the Company's audit policies and practices and risk management policies and practices.

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## **8. Committee's performance evaluation**

- 8.1 The Committee will review its performance from time to time and whenever there are major changes to the management of the Company.
  - 8.2 The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this charter.
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## **9. Review of the Charter**

This Charter shall be reviewed annually and revised by the Board as required.

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## **10. Public availability of materials**

This Charter or a summary of its main provisions shall be made publicly available on the Company's website in a clearly marked corporate governance section.

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