Medical Developments International

AUDIT & RISK COMMITTEE CHARTER

Version **2**

Date of adoption

19.02.2025

AUDIT AND RISK COMMITTEE CHARTER

1.INTRODUCTION

1.1

This audit and risk committee charter (Audit and Risk Charter) sets out the functions, responsibilities and composition of the audit and risk committee (Audit and Risk Committee) of the board of directors (Board) of Medical Developments International.

1.2

The Audit and Risk Committee has been established by the Board in accordance with clause 6 of the Board Charter of the Company.

2.ROLE OF THE AUDIT AND RISK COMMITTEE

2.1

The Audit and Risk Committee's role is to assist the Board to fulfil its corporate governance responsibilities in relation to the integrity and adequacy of the Company's financial and non-financial reporting and the effectiveness of audit, compliance and risk management systems, both financial and non-financial. In addition, the Audit and Risk Committee also assists the Board to deal with all aspects of environmental, social and governance (ESG) and sustainability matters relevant to the Company.

2.2

In performing this role, the Audit and Risk Committee must objectively review and oversee the Company's:

(a) accounting and financial reporting systems, policies and processes;

(b) internal and external audit procedures;

(c) internal controls and compliance systems as they relate to financial reporting, auditing and tax;

(d) appetite for risk and its future risk strategy;

(e) system of internal controls, risk frameworks and risk management;

(f) how risk is reported both internally and externally; and

(g) alignment between risk and the sustainability strategy, policies and processes.

3.RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

Without limiting the general role of the Audit and Risk Committee, the Audit and Risk Committee is responsible for the following:

3.1 FINANCIAL REPORTING

(a) Reviewing the Company's yearly and half-yearly financial reports and statements (Financial Reports) with the Chief Financial Officer (CFO), relevant management and the external auditor, to ensure:

- (i) that the Financial Reports comply with accounting standards, company policies, laws and other legal requirements relating to their preparation and content;
- (ii) the appropriateness of the accounting treatment of, and disclosures relating to, significant, complex and unusual transactions;
- (iii) the appropriateness of material judgements made by Company management when preparing the Financial Reports;
- (iv) that the Financial Reports are consistent with the information and knowledge of the Members (as defined in Clause 4.1); and

(v) that the Financial Reports provide a true and fair view of the financial position and performance of the Company.

(b) Overseeing the Company's accounting and disclosure policies and procedures as they relate to the preparation of the Financial Reports.

(c) Making recommendations to the Board regarding significant financial, accounting, audit and reporting issues.

3.2 INTERNAL CONTROLS

(a) Overseeing the design, implementation and periodic review of the Company's internal controls, reporting and disclosure processes in relation to financial, tax and accounting matters, and ensuring that these controls and processes facilitate compliance with applicable accounting standards, laws and regulations.

(b) Ensuring that new or proposed changes to financial, tax or accounting practices, principles, disclosure obligations or legal requirements are adequately considered and that the relevant internal controls, reporting and disclosure processes are updated to reflect, and ensure compliance with, such new obligations or changes. The Audit and Risk Committee together with Management must consider the effect of these changes or new obligations on the Company and communicate any material effects to the Board.

(c) Ensuring the timely resolution of any deficiencies or non-compliance with such controls and processes.

3.3 EXTERNAL AUDIT

(a) Together with Management select the external Auditor and make recommendations to the Board relating to the appointment, reappointment and removal of the external Auditor.

(b) Reviewing and approving external Auditor engagement letters, fees, scopes of work and Audit plans (including amendments to them) for Audit and non-Audit services.

(c) Reviewing and monitoring compliance with, and progress against, the external Audit plans.

(d) Approving the performance of non-audit services.

(e) Assessing the performance, adequacy, integrity, effectiveness and independence of the external Auditor. In particular, the Audit and Risk Committee must, among other things, take into account any non-Audit services provided by the external Auditor when assessing their independence.

(f) Advising the Board regarding the independence of the external Auditor during its performance of Audit and non-Audit services for the Board to comply with its disclosure obligations under the Corporations Act 2001 (Cth). Considering, and if thought fit, passing a resolution to endorse the Board's disclosure statements.

(g) Monitoring the rotation of external Audit partners and assessing the suitability of the rotation program.

(h) Reviewing reports provided by external Auditors to assess their findings and recommendations and monitoring Company management responses and action plans developed from those findings and recommendations.

(i) Ensuring that no restrictions are placed on the external Audit by Company management.

3.4 RISK MANAGEMENT

(a) Consider the appropriate risk appetite for the Company and the principal and emerging risks that the company is willing to accept across all major areas of the business, taking into account the long-term strategy of the Company, its future plans and other internal information, as well as the external environment, including economic, political and industry factors.

(b) Reviewing the Company's risk management framework and ensuring that a robust assessment of the emerging and curent risks facing the Company has been undertaken (including those risks that would threaten the business model, future performance, solvency or liquidity and reputation) and providing advice on the management and mitigation of those risks.

(c) Overseeing the current and prospective risks faced by the Company and its strategy in relation to managing future risks.

(d) Continuously reviewing the effectiveness of the Company's overall appetite and risk management framework and ensuring corrective action is taken where necessary.

(e) Reviewing the reports by the Company's Head of Risk and overseeing the Company management's resolution of any significant issues and the risk controls and mitigation measures implemented or to be implemented.

(f) Reviewing the methodology for reporting risk to the Board, including both quantitative and qualitative measures.

(g) Setting triggers for reporting and escalation of significant emerging risks that may be critical to the Company and assessing the Company's ability to manage new risks.

(h) Ensuring the risk management function is properly resourced, with adequate information rights and sufficient independence such that it is free from management interference.

3.5 RISK REPORTING

(a) Ensuring that relevant disclosures are given in the directors' report as to the Company's risk management and strategy.

(b) Making appropriate recommendations to the Board regarding any significant risk management reporting issues.

3.6 ESG AND SUSTAINABILITY

(a) Oversee development, monitor execution, review effectiveness and advise the Board on the Company's goals, strategies, policies and commitments related to sustainability and ESG, including climate risks and opportunities, human rights, community and social impact

(b) Review and oversee the policies and procedures used to prepare sustainability and ESG-related statements and disclosures and review such statements and disclosures before their publication.

(c) Oversee the development of appropriate frameworks to address ESG and sustainability requirements as part of decision-making processes.

(d) Together with Mnaagement, monitor changes and developments in relevant legislation and regulations relating to sustainability/ESG matters that may impact the Company.

3.7 ADDITIONAL RESPONSIBILITIES

(a) Performing responsibilities that may be delegated, and examining any other matters referred to it, by the Board from time to time, where aligned to the expectations and skills of the ARC.

(b) Consulting with independent experts as needed to help perform its responsibilities.

4.AUDIT AND RISK COMMITTEE COMPOSITION

4.1

The Board appoints the members of the Audit and Risk Committee (each a Member).

4.2

The Audit and Risk Committee will consist of at least three directors of the Company.

4.3

At least one Member must be:

(a) a qualified accountant holding a current accounting qualification (Chartered Accountant or Certified Practising Accountant); or

(b) a finance professional with significant financial and accounting experience.

4.4

All Members must:

(a) be financially literate, including being able to understand financial statements;

(b) possess sufficient technical skills or professional qualifications and experience in relation to risk management; and

(c) have sufficient knowledge of the Company's business and the financial, operating and legal issues that affect the Company and the industry in which it operates.

5.CHAIR

5.1

The Board appoints the chair of the Audit and Risk Committee (Chair) who must be an independent non-executive director, but not the chair of the Board.

5.2

In the absence of the Chair at any Audit and Risk Committee meeting, another Member who has either been appointed by the Chair or elected by the Audit and Risk Committee will act as the chair for that meeting.

5.3

The Chair is responsible for the conduct of all Audit and Risk Committee meetings, including:

(a) ensuring that agendas and recommendations are appropriate;

(b) ensuring that appropriate time and attention is given to Audit and Risk Committee matters;

(c) appointing a secretary for each Audit and Risk Committee meeting; and

(d) liaising with the Company's management and or external advisors to ensure that the Audit and Risk Committee has the information necessary to enable effective decision-making.

5.4

The Chair is responsible for making recommendations and referrals to the Board and referring relevant matters to other Board Committees.

6.AUDIT AND RISK COMMITTEE MEETINGS

6.1

The Audit and Risk Committee must meet as frequently as required but at least four times per year. A Member may request that an additional meeting is convened if necessary.

6.2

The quorum for each Audit and Risk Committee meeting is two Members.

6.3

The CFO (or their delegate) will act as secretary of the Audit and Risk Committee (Secretary). Together with the Chair, the Secretary will be responsible for:

(a) preparing the agenda;

(b) circulating the agenda and papers to the Members within a reasonable time prior to each meeting; and

(c) ensuring that minutes of the meeting are taken and circulated to relevant parties within a reasonable time following each meeting.

6.4

Members of the Board, have a standing invitation to attend all Audit and Risk Committee meetings.

6.5

The Chair may invite any person to attend, including attendance for a limited time, to any Audit and Risk Committee meeting.

6.6

The Board will have unfettered access to all Audit and Risk Committee agendas, minutes and papers.

6.7

The Chair (or their delegate) will report to the Board following each Audit and Risk Committee meeting, presenting:

(a) the key issues discussed;

(b) the decisions made; and

(c) any recommendations for the Board's consideration

6.8

The external auditor will meet separately with the Audit and Risk Committee, without management, at least twice per annum or upon the request of the Chair.

6.9

At the beginning of each Audit and Risk Committee meeting, Members are required to declare any actual or potential conflicts of interest that may apply to matters on the meeting agenda. As required by the Chair, any Members with actual or potential conflicts of interest will be excused from the meeting or from the Committee's consideration of the relevant agenda item or items. Details of actual or potential conflicts of interest declared by a Member and action taken will be minuted.

7.INFORMATION, RELIANCE AND ADVICE

7.1

The Audit and Risk Committee will have unfettered access to external Auditors, Company management, all Company employees and information the Company holds as required by the Audit and Risk Committee to discharge its duties.

7.2

The Audit and Risk Committee may make any enquiries it considers necessary to fulfil its role and responsibilities, and all Company employees must comply with such enquiries within a reasonable time.

7.3

The Audit and Risk Committee may appoint external advisers as it considers necessary or appropriate in the fulfilment of its role and responsibilities.

7.4

The Audit and Risk Committee is entitled to rely on, where there is no reasonable ground that would make such reliance inappropriate, the following:

(a) information, advice and assurances provided to it by Company management on matters within their responsibility; and

(b) the expertise of, and the information provided by, external experts.

8.AUDIT AND RISK COMMITTEE CHARTER REVIEW AND AUDIT AND RISK COMMITTEE PERFORMANCE

8.1

The Audit and Risk Committee will review this Audit and Risk Charter at least annually and the Chair will recommend any appropriate amendments to the Board.

8.2

The Audit and Risk Committee will assess its performance and the fulfilment of its responsibilities under this Charter on an as needs basis.

9.BOARD APPROVAL

The Board approved this Audit and Risk Charter on 19 February 2025.

This Audit and Risk Charter supersedes any Audit and Risk committee charter previously in force for the Company.