

AUDIT COMMITTEE CHARTER

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June 2025

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## 1. Purpose

- 1.1 The Audit Committee is a committee of the Board of the Company with the specific powers delegated under this charter. The charter sets out the Audit Committee's purpose, composition, mode of operation, authority and responsibilities.
- 1.2 The primary function of the Committee is to oversee and assist the Board in fulfilling its responsibilities relating to (a) accounting, financial reporting, and audit practices of the Company and its subsidiaries, (b) the external auditor's qualifications and independence, and (c) the performance of the company's internal audit function.

## 2. Composition

- 2.1 The Board shall appoint the members of the Committee and will review, at least annually, the adequacy of this charter and the composition of the Committee. The Committee will
  - a. be comprised of at least three members, all of whom are non-executive directors and a majority of whom are independent directors;
  - b. have an independent Committee Chair, who is not the Chairman of the Board;
  - c. have members with sufficient financial skills and experience relevant to the Committee's functions;
  - d. have at least one member who is considered a "financial expert", as determined by the Board in accordance with Nasdaq Corporate Governance Requirements;
  - e. have no members who participated in the preparation of Company, or Company subsidiary, financial statements in the past three years; and
  - f. have no members who serve on more than one additional Audit Committee for another company.

## 3. Meetings

- 3.1 The Committee shall meet as frequently as required, but at least two times per year.
- 3.2 The Committee shall periodically meet in executive session with each of the management, to include the CEO and CFO, the Company's principal internal auditor, and the external auditor.
- 3.3 The majority of the members of the Audit Committee constitute a quorum.

## 4. Responsibilities and Duties

- 4.1 Management Responsibilities. Management is responsible for the preparation, presentation and integrity of the Company's financial statements; for the appropriateness of the accounting principles and reporting policies that are used by the Company; and for establishing and maintaining internal control over financial reporting.
- 4.2 Independent Auditor Responsibilities. The independent auditor is responsible for auditing the Company's financial statements and the effectiveness of the Company's internal controls.
- 4.3 The Audit Committee will
- a. exercise, on behalf of the Board, the Board's authority with respect to the appointment of external auditors;
  - b. be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditors. In this regard, the Committee will appoint and retain, determine compensation, evaluate, and terminate when appropriate, the external auditor, which will report directly to the Audit Committee;
  - c. oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's internal and external auditors;
  - d. review and monitor Company management's responsiveness to both internal and external audit findings;
  - e. (i) determine the independence and effectiveness of the internal and external auditors, including under all applicable accounting and auditing standards, (ii) at least annually, consider the independence of the external auditor, and, consistent with rules of the U.S. Public Company Accounting Oversight Board ("PCAOB"), (iii) obtain and review a report by the external auditor describing any relationships between the external auditor and the Company or individuals in financial reporting oversight roles at the Company, that may reasonably be thought to bear on the external auditor's independence and objectivity, and discuss with the external auditor the potential effects of any such relationships on independence and (iv) assess any relationships or services that may impact the objectivity and independence of the external auditor;
  - f. obtain and review, at least annually, a report by the external auditor describing their internal quality-control procedures and any material issues raised by their most recent review, including any inquiries or investigations conducted by governmental or professional authorities within the preceding five years;
  - g. review the adequacy of the Company's internal controls, including accounting, financial reporting, and disclosure controls;

- h. review and ensure implementation of legislated major accounting changes;
- i. meet and discuss with management and the external auditor the annual audited and any interim financial statements of the Company and the independent auditor's reports related to such financial statements;
- j. review the financial sections of the Company's annual report and related regulatory filings before release and recommend to the Board whether the financial statements should be included in the Company's filings with the Securities and Exchange Commission;
- k. discuss with the auditors any instances of fraud or other illegal acts involving senior management or employees involved in financial reporting of the Company;
- l. review and discuss the Company's practices with respect to risk assessment and risk management, with a particular focus on cybersecurity risks and the policies and procedures the Company has in place to mitigate cybersecurity risks;
- m. review, at least annually, the Company's insurance program, including casualty, property, cyber and directors' and officers' (D&O) liability insurance;
- n. establish policies for the hiring of employees, and former employees, of the external auditor;
- o. annually review the adequacy of the professional qualifications of the Company's accounting personnel and succession planning; and
- p. ensure that the Board is kept regularly informed on general progress and activities, and is promptly briefed on all significant matters.

#### 4.4 In performing its functions, the Audit Committee

- a. will have unrestricted access to Company management and employees, internal auditors, and external auditors;
- b. will have unrestricted access to information and reports required to fulfil its duties;
- c. may seek independent external advice as appropriate; and
- d. shall have the power to conduct or authorize investigations within the Committee's scope of responsibilities or when requested by the Board.

#### 4.5 If a change in external auditor is required, the Audit Committee will

- a. undertake a formal tendering process for a new auditor;

- b. provide prospective auditors with sufficiently detailed information about the Company, its operations, key personnel, and any other information necessary for each firm to develop an appropriate proposal and fee estimate;
  - c. determine whether the fee quoted is sufficient for the work required, whether the work is to be undertaken by people with the appropriate level of seniority, skill and knowledge, and whether the work proposed meets the Company's needs and expectations; and
  - d. place the appointment of the new external audit firm before shareholders for ratification at the next annual general meeting after the appointment is made.
- 4.6 The Committee will discuss with the external auditor the provisions in place for rotation of the lead engagement partner and the independent review partner. The Company shall require the lead engagement partner be rotated at least every five years and the review partner be rotated at least every three years.
- 4.7 The Committee will ensure that the CEO and CFO prepare a written statement to the Board
- a. certifying that the Company's annual financial report and half yearly financial report fairly present, in all material respects, the operations and financial condition of the Company; and
  - b. the statement is presented to the Board prior to the approval of the respective annual and half yearly financial reports.