Audit and Risk Committee Charter

Approved by the Board with effect 25 May 2026

1. Responsibilities of the Audit and Risk Committee

1.1 The Audit and Risk Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

1.2 In particular, the Audit and Risk Committee has the duties listed in sections 11 - 17.

2. Constitution

As and when it is required an Audit and Risk Committee will be established by resolution of the Board.

3. Membership

The Audit and Risk Committee will consist of not less than three members. Members will be appointed by the Board from amongst the Directors. The Committee shall, when required by ASX Listing Rule 12.7, consist of a majority of independent directors. In addition, the Audit and Risk Committee will comprise:

(a) members who can read and understand financial statements and are otherwise financially literate;

(b) at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and

(c) at least one member who has an understanding of the industry in which the Falcon Metals Ltd (**Company**) operates.

4. Chair

The Audit and Risk Committee will appoint an independent Director, other than the Chair of the Board, to be the Chair of the Committee.

5. Secretary

5.1 The Company Secretary will be the Secretary of the Audit and Risk Committee at the request of the Chair of the Committee.

5.2 The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.

5.3 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.

5.4 The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

6. Other attendees

6.1 The Chief Executive Officer and CFO as well as other members of senior management may be invited to be present for all or part of the meetings of the Audit and Risk Committee, but will not be members of the Committee.

6.2 Representatives of the external auditor are expected to attend at least one meeting of the Audit and Risk Committee per year without any management staff or executives present.

7. Quorum

A quorum will be two members.

8. Meetings

8.1 Audit and Risk Committee meetings will be held not less than twice a year so as to enable the Committee to undertake its role effectively.

8.2 In addition, the Chair is required to call a meeting of the Audit and Risk Committee if requested to do so by any member of the Audit and Risk Committee, the Chief Executive Officer or the external auditor.

8.3 Where deemed appropriate by the Chair of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.

8.4 Decisions will be based on a majority of votes with the Chair having a casting vote.

8.5 The Committee Chair, 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.

8.6 Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

9. Authority

9.1 The Audit and Risk Committee is authorised by the Board to investigate any activity within its charter. The Audit and Risk Committee will have access to management and auditors (external) with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit and Risk Committee.

10. Reporting procedures

The Audit and Risk Committee will keep minutes of its meetings. As outlined above, the Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chair of the Audit and Risk Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Audit and Risk Committee meeting along with any recommendations of the Committee.

11. Financial statements

(a) The Committee has the following duties to review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments, accounting and financial reporting issues resulting from the external audit;

(iv) compliance with accounting policies and standards; and

(v) compliance with legal requirements.

(b) If the Company has a public accountant, to review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence.

(c) To oversee management's appointment of the Company's public accountant if one is required.

12. Related party transactions

The Committee must monitor and review the propriety of any related party transactions.

13. External audit function

The Committee has the following duties in relation to external audit:

(a) To recommend to the Board the appointment of the external auditor.

(b) Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

(c) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.

(d) Meet with the external auditors at least once in each financial period without management being present and at any other time the Committee considers appropriate.

(e) To discuss with the external auditor before the audit commences the nature and scope of the audit, and to ensure coordination between the external auditor and the Company's accounting staff.

(f) To determine that no management restrictions are being placed upon external auditor.

(g) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).

(h) To review the external auditor's management letter and management's response.

(i) To review and make recommendations on fees payable to the auditor for audit and non-audit work.

(j) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.

(k) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.

(l) Receive from the external auditor, or any other regulatory body, 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.

14. Internal audit function

The Committee has the following duties in relation to internal audit:

(a) To recommend to the Board the appointment of an internal auditor if and when one is required.

(b) If and when one is required, to consider the appointment of an internal auditor, the audit fee (if externally contracted) and any questions of resignation or dismissal.

(c) If and when one is required, to review the appointment, remuneration, evaluation, retention and dismissal of the chief audit executive.

(d) Each year, to review and approve the internal auditor's charter.

(e) To review the reporting lines of the internal audit function to ensure that the internal auditor is allowed adequate independence.

(f) To determine that no management restrictions are being placed upon the internal audit function.

(g) To ensure that the internal audit function is adequately resourced (including qualified personnel, funding and equipment) so as not to impede its ability to execute its responsibilities.

(h) To consider the major findings of the internal audit investigations and management's response.

(i) To ensure coordination between the internal and external auditor.

(j) To meet privately with the internal auditor on at least an annual basis.

15. Risk management

The Committee has the following duties in relation to risk management:

(a) Assessing the internal processes for determining and managing key risk areas, particularly:

(i) non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;

(ii) litigation and claims; and

(iii) relevant business risks other than those that are dealt with by other specific Board Committees.

(b) Monitoring management's performance against the Company's risk management framework including whether it is operating within the risk appetite set by the Board.

(c) Developing and maintaining a risk register that identifies the risks to the Company and its operation and assesses the likelihood of their occurrence.

(d) Updating the risk register periodically and presenting it to the Audit and Risk Committee for its consideration at least once a year.

(e) Ensuring that the Company has an effective risk management system and that major risks to the Company are reported half yearly to the Board.

(f) Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.

(g) Receive reports from internal audit on its reviews of the adequacy of the entity's processes for managing risks.

(h) Receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.

(i) Reviewing any material incident involving fraud or a breakdown of the Company's risk controls and determining the lessons learned.

(j) Make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or the risk appetite set by the Board.

(k) Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.

(l) Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.

(m) Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

16. Communication

The Committee has the following duties in relation to communication:

(a) If and when required, providing, through regular meetings, a forum for communication between the Boards, senior financial management, and staff involved in internal control procedures and the external auditors.

(b) Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.

(c) If and when required, establishing procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

17. Assessment of effectiveness

The Committee has the following other duties comprising:

(a) To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating management, internal auditors (should they exist) and the external auditors.

(b) Oversight of the Risk Management System.

(c) To oversee the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the company. This system will include the Company's internal compliance and control systems.

(d) To review at least annually the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the board.

(e) To evaluate the Company's exposure to fraud.

(f) To take an active interest in ethical considerations regarding the Company's policies and practices.

(g) To monitor the standard of corporate conduct in areas such as arms- length dealings and likely conflicts of interest.

(h) To identify and direct any special projects or investigations deemed necessary.

(i) To ensure the appropriate engagement, employment and deployment of all employees under statutory obligations.

(j) To ensure a safe working culture is sustained in the workforce.

(k) To determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the company.

(l) To regularly review and update the risk profile.

18. Reliance on information or professional or expert 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 Group 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; or

(c) another Director or officer of the Group in relation to matters within the Director's or officer's authority.

19. Access to advice

19.1 Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests. Such access shall be provided on a timely basis.

19.2 Members of the Committee may meet with the auditors, both internal and external, without management being present.

19.3 Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chair. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

20. Report to the Board

20.1 The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.

20.2 The Committee must brief the Board promptly on all urgent and significant matters.

21. Review of Charter

21.1 The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner and that the Company is operating with due regard for the risk appetite set by the Board.

21.2 The Board will update the Charter as required or as a result of new laws or regulations.

21.3 The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.