

AUDIT AND RISK COMMITTEE CHARTER

Last Review Date: 24 July 2023

1. ROLE OF THE AUDIT COMMITTEE

The role of the CardieX Limited (**CardieX** or the **Company**) Audit and Risk Committee is to assist the Board to fulfill its corporate governance and oversight responsibilities relating to:

- the Company's accounting and financial reporting processes and compliance;
- ethical compliance and the Company's compliance with applicable laws (including Australian laws, U.S. federal securities laws, and other legal and regulatory requirements);
- the qualifications, independence, and performance of the Company's independent auditors. For the purposes of this Charter, "independent auditor" is the audit firm that issues an opinion on the Company's consolidated financial statements;
- risk management and internal control systems;
- external reporting and the audit and integrity of the Company's financial statements; and
- the implementation and performance of the Company's internal and external audit function.

2. ACCESS TO THE CHARTER

All Board Directors and Committee members, management, internal auditors and independent auditors have access to this Charter. It is also available on the Company's website.

3. AUTHORITY

In executing its responsibilities, the Committee has unlimited access to independent auditors and senior management, and may:

- seek information it requires from employees and independent auditors;
- select, retain, compensate, evaluate, oversee, and, where appropriate, terminate and replace any independent registered public accounting firm engaged to prepare or issue an audit report or perform other audit, review, or attest services for the Company;
- in accordance with applicable law, adopt policies and procedures for the Committee's pre-approval, including delegation to one or more members of the Committee, of the engagement of the Company's independent auditors or other registered public accounting firms to perform permitted services on an ongoing basis;
- obtain outside legal or other professional advice;
- meet with independent auditors without management present; and
- require senior executives to attend Committee meetings as appropriate.

4. COMPOSITION

The Committee will consist of at least three Non-Executive Directors appointed by the Board. These members will have good financial and/or operational expertise in CardieX's core areas of business. The Board will appoint the Chair of the Committee. Subject to any applicable exemptions, the members of the Committee must satisfy the following qualifications:

- each member of the Committee must meet the mandatory independence standards established by any securities exchange on which the Company's securities are listed and the Securities and Exchange Commission (the **SEC**), as determined by the Board after consideration of all factors determined to be relevant under the rules and regulations of any securities exchange on which the Company's securities are listed and the SEC;
- each member of the Committee must be able to read and understand fundamental financial statements and otherwise must comply with all financial literacy requirements of any securities exchange on which the Company's securities are listed;
- at least one member of the Committee must be an "audit committee financial expert," as defined in Item 407(d)(5)(ii) of Regulation S-K of the U.S. Securities and Exchange Act of 1933 (a person who satisfies the definition of "audit committee financial expert" will also be presumed to have the financial literacy requirements of the securities exchange on which the Company's securities are listed);
- no Committee member may serve simultaneously on the audit committees of more than two other public companies unless the Board determines that such simultaneous service will not impair the ability of such member to effectively serve on the Committee and the Company discloses such determination in its annual report;
- no person may serve as a member of the Committee if the person has participated in the preparation of the financial statements of the Company or any of the Company's current subsidiaries at any time during the past three years; and
- any other criteria required by applicable law or the rules and regulations of the SEC, any securities exchange on which the Company's securities are listed and such other qualifications as may be established by the Board from time to time.

5. MEETINGS

5.1. Attendance

A quorum is a majority of Committee members.

5.2. Administration

Management will nominate a Secretary to the Committee who will assist the Chair in drawing up the agenda and keeping and circulating minutes. The minutes of the meeting will be approved by the Committee and signed by the Chair.

6. DUTIES

The Committee's duties are to:

- oversee and appraise the coverage and quality of the audits conducted by any internal auditors or independent auditors;

- schedule regular meetings to maintain open lines of communications among the Board and auditors. These meetings will serve as a forum in which to exchange views and information to confirm the auditors' respective authority and responsibilities;
- serve as an independent and objective party to review the financial information presented by management to shareholders, regulators and the general public;
- ensure the Company's administrative, operating and accounting controls are adequate;
- review the risk management practices adopted across all material aspects of the Company's operations; and
- evaluate the Committee's own performance on a regular basis.

7. RESPONSIBILITIES

7.1. Financial Accounting and Reporting Compliance

The Committee is responsible for reviewing and approving all significant accounting policy changes and for evaluating the adequacy and effectiveness of the Company's:

- administrative, operating and accounting policies;
- management information and accounting control system; and
- policies to reduce exposure to fraud.

To this end, it will actively communicate with management and independent auditors, review written reports and monitor management's responses to correct deficiencies.

7.2. Ethical Compliance and Compliance with Applicable Laws

The Committee is responsible for ensuring that management pays due attention to ethical considerations in implementing the Company's policies and practices. It also monitors the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.

7.3. Risk Management and Internal Control Systems

The Committee is responsible for evaluating the:

- processes for determining and managing key risk areas; and
- process for assessing and continuously improving internal controls, particularly those related to areas of material risk.

It will also ensure the Company has an effective risk management system and that major risks are reported to the Board. The risk management system will include controls for any transactions that carry an unacceptable degree of risk.

The Committee will meet periodically with key management, independent auditors and compliance staff to understand and discuss the control environment. It will also require periodic reports from nominated senior managers confirming the risk management system is operating correctly and detailing material risk.

7.4. External Reporting and the Audit and Integrity of the Company's Financial Statements

The Committee is responsible for reviewing the accuracy and integrity of the following documents before they are released publicly:

- all financial and regulatory reports;
- the annual financial statements and reports; and
- the half-yearly and annual formal announcement of results to the Australian Stock Exchange.

The Committee will also review:

- any correspondence from regulators and others regarding the Company's financial reporting or related matter and monitor management's response to them;
- significant transactions outside the Company's normal business; and
- major outstanding contingent liabilities, including existing and potential legal actions against CardieX or its Board of Directors.

7.5. Oversight of the Audit Function

7.5.1. Internal Audit

The Committee will meet with management, the internal audit department and, if applicable, the Company's independent auditor, to review and discuss the Company's internal controls and the integrity of the Company's audited financial statements. Included in this process will be a review of:

- the scope and timing of the annual audit of the Company's financial statements;
- the Company's annual audited, half-yearly reviewed and quarterly unaudited financial statements and annual reports;
- the results of the annual audit and half-year review, and the independent auditor's opinion on the audited or reviewed financial statements;
- the quality and adequacy of the Company's internal controls, and discussion with management and the independent auditor with regard to any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company's internal controls;
- the Company's disclosure controls and procedures, as well as the quarterly assessments of such controls and procedures by the Chief Executive Officer and Chief Financial Officer;
- any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
- the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
- any audit problems or difficulties the independent auditor encountered in the course of its audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.

7.5.2. External Audit

The Committee is responsible for recommending independent auditors to the Board, approving their audit plan and fee and evaluating their effectiveness. It also plays a central role in assessing independent auditor independence and ensuring independent auditors have appropriate access to management information.

7.5.3. Selecting and Appointing the Independent External Auditor

The Committee oversees and is the final arbiter of the process of selecting the independent auditor. It is responsible for ensuring the independent auditor meets the required professional standards and requirements for auditor independence. To this end, when independent audit services are to be tendered, the Committee will:

- review and, if necessary, amend the Request for Information (**RFI**) prepared by management;
- review responses to this RFI and evaluate management's recommendation;
- before any decision is made, report the results of this review to the Board and make the final recommendation; and
- brief and work with the selected independent auditor after their appointment to support the audit function.

7.5.4. Ensuring External Auditor Independence

The Board has already stipulated that:

- past or present lead audit partners of the firm currently engaged as the Company's independent auditor are not eligible for appointment to the Board; and
- the lead audit partner will be required to rotate off the audit after their involvement for a maximum of five years, and there will be a period of at least three years before that partner can be involved in the audit again.

In addition, the Committee will require the independent auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence. The Committee will also periodically assess the relationships and services provided by the independent auditors and others that may lead to actual or perceived lack of independence.

7.5.5. Provision of Non-Audit Services by Independent Auditors

The Board of CardieX believes it is not appropriate for the independent auditor to express an opinion on its own work. The independent auditors will therefore not provide investigations or consulting services that conflict with the role of statutory auditor. Examples of services that the independent auditor should not provide include:

- preparing accounting records and financial statements;
- designing and implementing new IT systems and financial controls;
- valuation services in relation to amounts included in the Company's accounts;

- actuarial services;
- internal audit services;
- management functions, including senior management secondments;
- recruitment and human resources services;
- broker, dealer or investment advisor services; and
- legal services.

The independent auditors will be permitted to provide some non-audit services that do not conflict with this role. Examples of services that may be provided without Audit Committee approval include:

- tax compliance services;
- advice on applying appropriate accounting standards; and
- audits or verification of regulatory returns.

The independent auditors may be permitted to provide non-audit services where their detailed knowledge of the Company's activities could permit cost and output efficiencies, provided stringent independence requirements are satisfied. These services must be approved by the Chair.

Examples of such services include:

- strategic tax advice;
- due diligence on potential acquisitions/investments;
- investigating accounting assignments; and
- corporate finance advice (deal structuring and execution) including Independent Accountant's Statements.

The Audit Committee will recommend to the Board, on a totally transparent basis, how the full details of fees paid to the independent auditors should be disclosed in the Annual Accounts.

8. REPORTING REQUIREMENTS

The Committee will:

- ensure that minutes of each Committee meeting are included with papers for the next full board meeting;
- regularly update the Board about Committee activities and recommendations; and
- ensure the Board is aware of matters that may significantly impact the financial condition or risk profile of the business.

9. CHARTER

9.1. Annual Review

The Committee will review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Company will make a copy of this Charter publicly available on its website.

9.2. Compliance with Rule 10A-3

The Committee will ensure that this Charter complies with Rule 10A-3(b)(2), (3), (4) and (5) under the U.S. Securities Exchange Act of 1934 with regard to complaints relating to accounting, internal accounting controls or auditing matters, and authority to engage advisors, and funding as determined by the Committee.