
1. Purpose

Recognising and managing risk is fundamental to Chalice Mining Limited (the **Company**) achieving its strategic objectives, and a crucial part of the role of the Board and management. Sound risk management practices can not only help to protect established value, but also can assist in identifying and capitalising on opportunities to create value.

The Company recognises that a failure by it to recognise or manage risk can adversely impact not only on the Company and its shareholders, but also other stakeholders which may include employees, customers, suppliers, creditors, consumers, taxpayers and the broader community in which the Company operates.

The Board is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its strategic objectives. To enable the Board to do this, the Company must have an appropriate risk management framework to identify and manage risk on an ongoing basis.

This policy sets out the Company's approach to risk management, including its approach to identifying and managing risk, the responsibilities of the Board, management and others within the Company in relation to risk management, and the resources and processes dedicated to risk management. Managing risk is the responsibility of everyone in the Company.

In this policy:

- « **management** refers to the senior management team as distinct from the Board, comprising the Company's senior executives, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance.
- « **risk** means effect of uncertainty on objectives;
- « **risk management** means co-ordinated activities to direct and control the Company with regard to risk;
- « **risk management framework** is the set of components that provide the foundations and organisational arrangements for integrating, designing, implementing, evaluating and improving risk management throughout the Company.

2. Culture

The Company seeks to foster an organisational culture where the mindsets, behaviours and actions of employees are aligned with the Company's values. As an organisation, all employees are empowered to openly discuss risks, and all have the responsibility to take ownership of controls and mitigations. By ensuring a healthy risk culture, risk management is ingrained as an expectation, in addition to management systems, processes and monitoring.

3. Who does this Policy apply to?

All directors, officers and employees of the Company must comply with this policy

4. Risk Appetite

The Board is responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives (**risk appetite**).

The Company's risk management framework is designed to ensure that risk are understood and avoided or managed in accordance with the risk appetite.

5. Risk Management Framework

The Board has established a Risk Management Framework to provide for the development and deployment of risk management and to integrate risk management into the Company's corporate governance and business management processes. The framework adopted references the Australian/New Zealand Standard AS/NZS ISO 31000:2018 *Risk management –Guidelines* and involves:

5.1 Risk identification

The risks faced by the Company will be identified and documented in a risk register. Risk identification will be undertaken as part of the Company's strategic planning and budgeting process and is carried out through a workshop by management and potentially the Risk and Sustainability Committee. The workshops may be facilitated by an external service provider or by a member of management.

The Company's risks will be classified under the following broad categories:

- a. Market-related
- b. Financial reporting
- c. Operational
- d. Environmental
- e. Human capital
- f. Sustainability
- g. Occupational Health & Safety
- h. Political
- i. Strategic
- j. Economic cycle/marketing
- k. Legal and compliance.

The individual risks which fall within these broad categories will be included in the Company's risk register.



5.2 Risk analysis

Management shall develop a list of risks, which will then be analysed to determine consequences of the risks eventuating and their likelihood. Existing risk controls and their effectiveness (as perceived by management) should be taken into account when considering how likely the risk event is to occur and the impact/consequences it will have on the business. The Risk and Sustainability Committee will then review the risk analysis prepared by Management.

5.3 Risk evaluation

Prioritised risk should be compared with the risk appetite established by the Board. The output of this process will be a prioritised list of risks for further action.

5.4 Risk treatment

Where the level of risk is above the desired level, Management will develop an action plan to address the risk by either: transferring the risk; reducing the risk or accepting the risk or a combination of these approaches. The Risk and Sustainability Committee will then review the action plan before execution by Management. When selecting the way a risk will be treated, the Company will consider the values and perceptions of stakeholders and the most appropriate ways to communicate with them.

5.5 Monitoring and review

The risk register will be reviewed, and if required updated, on a regular basis.

Management reports to the Risk and Sustainability Committee, who reports to the Board on the Company's management of its material business risks on a regular basis.

The risk management framework will be monitored and reviewed by the Risk and Sustainability Committee as set out in the *Risk and Sustainability Committee Charter*. However, the Board may request independent verification in relation to all or some of the risk management framework or individual controls, via internal or external means.

5.6 Documentation

The risk management framework and related processes will be documented.

6. Risk Management Activities

The Company's risk management activities and associated reporting are undertaken in accordance with this policy, the Charter of the Risk and Sustainability Committee and the Risk Management Framework, with activities assigned to the Board, Risk and Sustainability Committee and Senior Management.

7. Risk Management Roles and Responsibilities

7.1 Board

The Board has ultimate responsibility for setting the Company's risk appetite, for overseeing the risk management framework designed and implemented by management and to satisfy itself that the risk management framework is sound. The Board is also responsible for monitoring and reviewing the Company's risk profile.

7.2 Risk and Sustainability Committee

The Board has established a separate Risk and Sustainability Committee whose role is set out in the Company's *Risk and Sustainability Committee Charter*. Risk and Sustainability Committee meets at least two times per year and is responsible for, among other things, the governance of risk management across the Company, leading the strategic direction regarding the management of material business risks; overseeing the establishment and implementation of the Risk Management Framework, reviewing the effectiveness of the Risk Management Framework and in conjunction with the Audit Committee establishing reporting guidelines and contributions to the Company's annual report and Corporate Governance Statement.

However, ultimate responsibility for the Company's Risk Management Framework rests with the Board.

7.3 Senior management

Senior management (comprising the Managing Director, Executive Team and such other individuals as the Risk and Sustainability Committee determines from time to time) have responsibility for identifying, assessing, monitoring and managing risks.

Senior management are required to report on the progress of, and on all matters associated with, risk management to the Risk and Sustainability Committee on a regular basis. Senior management are to report to the Risk and Sustainability Committee as to any proposed changes to the Company's management framework, any new and emerging sources of risks and any disclosure-related considerations.

The Managing Director and Chief Financial Officer (or equivalent) are required to provide to the Board a declaration in accordance with Recommendation 4.2 and section 295A of the Corporations Act (Declaration) before it approves the annual, half-year and quarterly financial statements.

7.4 Managers and supervisors

Managers and supervisors must:

- a. monitor material business risks for their areas of responsibilities;
- b. provide adequate information on implemented risk treatment strategies to management to support ongoing reporting to the Board; and



- i. ensure staff are adopting the Company's risk management framework as developed and intended.

7.5 Individual staff

All staff within the Company should:

- a. recognise, communicate and respond to expected, emerging or changing material business risks;
- b. contribute to the process of developing the Company's risk profile; and
- c. implement risk management strategies within their area of responsibility.

8. Review

The Company's risk management framework is evolving. It is an on-going process and it is recognised that the level and extent of the risk management framework will evolve commensurate with the development and growth of the Company's activities. This will include an annual review of this policy by the Risk and Sustainability Committee with recommendations provided to the Board.