

RISK MANAGEMENT POLICY

ALCHEMY RESOURCES LIMITED ("COMPANY")

1. Overview

In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. Managing risk is the responsibility of everyone in the Company.

This Policy sets out the Company's approach to risk, including the responsibilities of the Board, management and others within the Company in relation to risk management.

2. Risk Management Procedure

The Company's risk management activities include the following:

Senior management undertakes the following activities:

- documents and/or reviews the *Company's Risk Management Policy*;
- publishes any updates to the *Company's Risk Management Policy* on the Company's website;
- reviews the Company's *Board Charter* and role descriptions for management to ensure accountability for all risk management is included;
- identifies or reviews material business risks and develops risk management strategies and;
- allocates and/or reviews owners of critical material business risks in the risk register.

The Board determines the Company's overall risk tolerance levels, approves senior management's risk management policy and provides input into the Company's risk profile.

At least annually senior management reviews and reports to the Board on critical material business risks.

Annually, the Managing Director (MD) (or equivalent) and Chief Financial Officer (CFO) provide a certification that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

In addition, the MD and CFO provide a declaration to the Board that, in their opinion the financial records of the Company have been properly maintained and that the quarterly financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position, prior to the Board approving the Company's financial statements for a financial period, in accordance with the requirements of Recommendation 4.2¹.

Annually the MD provides a summary of the Company's management of its material business risks and reports to the Board on the effectiveness of whether those risks are being managed effectively, in accordance with the requirements of Recommendation 7.2.

The Board undertakes the following activities:

- notes the management risk reviews and/or individual risk reports and questions management if required;
- notes the MD/CFO certification for the purposes of Recommendation 4.2;
- notes the MD summary regarding the effectiveness of the Company's management of material business risks for the purposes of Recommendation 7.2; and
- approves the Corporate Governance Statement.

3. Role of the Board and Delegated Responsibility

The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director (or equivalent), with the assistance of senior management, as required.

¹ Corporate Governance Principles and Recommendations 3rd Edition.

Audit Committee and *Audit Committee Charter*

The Company has formed a separate Audit Committee which has the role of, among other things, monitoring and reviewing the integrity of the financial reporting of the Company. It also reviews the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems. The role of the Audit Committee is set out in the Company's *Audit Committee Charter*.

4. Role of the Managing Director and Accountabilities

The Managing Director has responsibility for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for identifying any material changes to the Company's risk profile and ensuring, with the approval of the Board, the risk profile of the Company listed in this Policy is updated to reflect any material change.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management on a regular basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

5. Authority of the Managing Director

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

6. Role of Managers and Supervisors

Managers and supervisors must:

- monitor material business risks for their areas of responsibilities;
- provide adequate information on implemented risk treatment strategies to senior management to support ongoing reporting to the Board; and
- ensure staff are adopting the Company's risk management framework as developed and intended.

7. Role of Individual Staff

All staff within the Company should:

- recognise, communicate and respond to expected, emerging or changing material business risks;

- contribute to the process of developing the Company's risk profile; and
- implement risk management strategies within their area of responsibility.

8. Risk Management Strategies

The Company maintains a number of policies and practices designed to manage specific business risks. These include:

- Insurance Program

Comprehensive insurance policies covering all major insurance risks are held by the Company.

- Regular budgeting and financial reporting

The Company has regular budgeting in place. It is the role of the Audit Committee (or its equivalent) to review the integrity of the financial reporting of the Company. The Audit Committee is to ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

- Clear limits and authorities for expenditure levels

The Company's Board Charter sets out Materiality Thresholds. These include quantitative and qualitative thresholds as well as triggers for the materiality of contracts.

- Procedures/controls to manage environmental and occupational health and safety matters

The Company has implemented an Occupational Health and Safety Procedure and Manual and an Emergency Response Procedure and Manual. These are subject to regular review and are updated to keep them in line with best industry practice.

- Procedures for compliance with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act

The Company's Compliance Procedures have been designed for the purpose of ensuring the Company complies with its continuous disclosure obligations.

- Procedures to assist with establishing and administering corporate governance systems and disclosure requirements

The Company has adopted Corporate Governance Policies and procedures which assist the Company establish and maintain its governance practices.

9. Responsibility to Stakeholders

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business.

10. Continuous Improvement

The Company's risk management system is evolving. It is an on-going process and it is recognised that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities.