

Purpose

The aim of the Risk Management Policy is to ensure that all operations of the Company are performed within the Board approved risk tolerance levels. AVZ is committed to Risk Management to help protect its:

- a) Business partners and stakeholders/shareholders
- b) Employees, contractors and their skills
- c) Environment
- d) Assets and intellectual property
- e) Contractual and statutory obligations
- f) Image and reputation.

Scope

This Risk Management Policy covers AVZ Minerals Limited and its subsidiaries. The following list provides details of the types of business risks that the Risk Management Policies covers:

- Operational Environmental
- Sustainability Compliance
- Strategic Ethical
- Reputation Technological
- Human Capital Finance.

Policy

Risk management is a key part of improving our business and our aim is to ensure that all business operations are performed within Board approved risk tolerance levels.

To achieve this aim, Risk Management standards will be created, maintained and continually improved.

This will involve risk identification and risk evaluation linked to practical and cost-effective risk control measures commensurate with our business.

Risk Management is a continuous process demanding awareness and proactive action from all AVZ's employees and contractors to reduce the possibility and impact of accidents and losses, whether caused by AVZ or externally.

Risk Management is a core responsibility for all managers. Suitable risk management activities will be incorporated into our business planning, operations and the management of our contractors.

The scope of these activities will encompass:

- a) Education and training in risk management for staff
- b) Open communication for identifying and addressing risks

- c) Helping to prioritise and schedule risk control improvements within AVZ's business and
- d) operations
- e) Reporting to the Board on material business risks.

Our challenge is to infuse Risk Management into our culture, our everyday business operations and those of our contractors and business partners. Everyone's involvement and support is critical to an effective result.

Procedure

Risk tolerance

Given the speculative nature of mineral exploration, the Company has quite a high tolerance for accepting risk.

Risk management requirements

A risk management plan has been developed and implemented by AVZ. The plan provides a framework for systematically understanding and identifying the types of business risks threatening AVZ as whole and specific business activities within the Company. A risk register has been developed through the implementation and review of the risk management plan which has identified material business risk of the Company. The risk register also provides the controls in place to mitigate the risk and management's assessment of residual risk.

The implementation of and management input into the risk management plan has assisted in infusing Risk Management into our culture, our everyday business operations and those of our contractors and business partners.

Assurance

External audit

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report including their review (if any) of Company controls and procedures.

Internal audit

Due to the size and nature of the Company, an internal audit function has not been established or internal audit review conducted.

Responsibilities

The Board

The Board is responsible for the oversight of the Group's risk management and control framework.

Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

Managing Director

The Managing Director ('MD') is accountable to the Board, for ensuring that the risk management system is implemented and maintained in accord with the Risk Management Policy. Assignment of responsibilities in relation to risk management is the prerogative of the MD.

Chief Financial Officer and Chief Operating Officer

In conjunction with the MD, the Chief Financial Officer ('CFO') and the Chief Operating Officer ('COO') are accountable for the implementation of the Risk Policy and for maintaining a program of risk reassessment. The CFO and COO also provides advice to the relevant Senior Executives on risk management matters relevant to their responsibilities. The CFO and COO are to assist senior management and the Board in the effective discharge of their responsibilities with regard to AVZ's internal control environment by ensuring the efficiency and effectiveness of Company processes and identifying opportunities to improve operating performances.

At appropriate intervals, the CFO and COO respectively shall determine the adequacy and effectiveness of the Company's system of internal accounting and operating controls and determine if the business unit/function are managing risks, in accordance with management instruction, policies and procedures, in a manner consistent with Company objectives.

Senior Management

Senior Executives are accountable for strategic risk management within areas under their control including the dissemination of the risk management process to operational managers. Collectively the Senior Management is responsible for:

- a) The formal identification of strategic risks that impact upon AVZ's business;
- b) Allocation of priorities;
- c) The development of strategic risk management plans;
- d) The Senior Management review progress against agreed risk management plans.

Review of Risk Management Policy

This Policy will be formally reviewed by the Board each year.

Document History

Version	Altered by	Approved by	Comments
1			Initial Release
2		Board 04/03/2020	Approved
2		AR Committee 29/09/21	Annual Review
2		AR Committee 29/09/22	Annual Review