



Risk Management Policy

Approved by the Board with effect from 11 February 2022

1. Introduction

- 1.1 Solstice Minerals Limited (**Solstice** or the **Company**) considers that risk management is a complex and critical component of the Company's governance. Noting the inherent risks associated with exploration, feasibility and mine development activities in the resources sector, the Company has designed its risk management framework to ensure that risks are identified, understood, managed and minimised to the extent relevant to the sector in which it operates.
- 1.2 Sound risk management practices not only help to protect established value, but also can assist in identifying and capitalising on opportunities to create value for shareholders of the Company and other stakeholders
- 1.3 The Board of the Company (**Board**), with the assistance of the Audit and Risk Committee, will oversee and guide the risk management framework.
- 1.4 The Executive Director (**ED**) is charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated to management.
- 1.5 Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance.

2. Objectives

- 2.1 The primary objectives of the risk management framework of the Company are to ensure:
 - (a) all major sources of potential opportunity for harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
 - (b) business decisions throughout the Company appropriately balance the risk and reward trade-off;
 - (c) regulatory compliance and integrity in reporting are achieved; and
 - (d) senior management, the Board and investors understand the risk profile of the Company.

3. Risk Management Framework

- 3.1 In line with the objectives above, the Company's risk management framework covers operational risk, financial reporting and compliance risks.

- 3.2 The Board, through the Audit and Risk Committee, reviews all major strategies and transactions and corporate actions for their impact on the risk facing the Company and makes appropriate recommendations.
 - 3.3 The approach which the Company takes to identify, assess, monitor and report risks is briefly detailed below, and aims to ensure that risks are effectively identified and managed according to the risk appetite of the Company.
 - 3.4 In addition, as specified by Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Executive Director and CFO (or equivalent) conduct a review and provide a written declaration of assurance that in their opinion, that the financial records of the Company for any financial period have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- 3.5 Risk identification
- (a) The risks faced by the Company are identified and documented in a risk register.
 - (b) The Board has identified a range of specific risks that have the potential to have an adverse impact on its business. These generally fall within the following categories and are detailed in the risk register:
 - (i) operational risks;
 - (ii) market-related risks
 - (iii) geographical / sovereign and political risks;
 - (iv) environmental, social and governance (ESG) risks;
 - (v) insurance risks;
 - (vi) litigation risks;
 - (vii) financial risk;
 - (viii) conduct risks;
 - (ix) information technology risks;
 - (x) sustainability and climate change risks;
 - (xi) treasury and finance risks; and
 - (xii) legal and compliance risks.
- 3.6 Risk analysis and evaluation
- (a) Once identified in the risk register, the impact of each risk is analysed and an assessment made as to the likelihood of the risk eventuating. Existing controls in relation to the relevant risk are considered and their effectiveness evaluated.

- (b) Where the level of risk is above the desired level for the Company, further controls may be considered to address the risk.
- 3.7 Monitoring and review
- (a) The risk register will be reviewed and if required, updated on a bi-annual basis. Management will contribute to each such review and their input will be considered by the Audit and Risk Committee before the final updated risk register is presented to the Board.
 - (b) As part of the review, the major risks will be identified and an action list formulated for execution by management.
 - (c) The Company discloses in each reporting period that such a review has taken place.

4. Roles and Responsibilities

- 4.1 The Board has responsibility for oversight of the risk management framework. It is required to satisfy itself that the Company has in place an appropriate risk management framework and setting the risk appetite within which management is expected to operate.
- 4.2 One of the roles of the Audit and Risk Committee is to assist the Board in fulfilling its obligations and responsibilities with respect to the identification, assessment, monitoring and management of material risks arising from the Company's activities, as detailed further within the Audit and Risk Committee Charter.
- 4.3 The Executive Director has responsibility for identifying material business risks, formulating strategies in conjunction with the Board or the Audit and Risk Committee to manage the risks, and monitoring effectiveness of the management process and reporting to the Board and Audit and Risk Committee.
- 4.4 The Executive Director's role includes developing and maintaining the Solstice Group risk management systems, including, without limitation, internal compliance, and control mechanisms.
- 4.5 Management is responsible for monitoring material business risks and, implementing risk management policy within their business areas, and for ensuring adherence by their staff to this Policy.
- 4.6 All employees should recognise, communicate and respond to material business risks and participate in the implementation of this Policy.

5. Enquiries

- 5.1 Enquiries about this Policy should be directed to the Company Secretary or the Executive Director.

6. Review

- 6.1 The Company acknowledges that its risk management framework will evolve with the development and growth of the Company's activities.
- 6.2 This Policy will be reviewed from time to time by the Board to ensure it remains effective and meets best practice standards and the needs of the Company.