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## Risk Management Policy

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### 1 Applicability

This policy applies to all directors, officers, employees, consultants and contractors (**Personnel**) of Talisman Mining Limited ABN 71 079 536 495 (**Company**) and its child entities (together the **Group**).

All Personnel are responsible for the effective application of the policy.

A copy of this policy is made available on the Company's website. Risk management training or awareness sessions will be held from time to time, as required.

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### 2 Purpose and objectives

Recognising and managing risk is a crucial part of the role of the directors of the Company (**Board**) and management. The Company recognises that a failure by it to recognise or manage risk can adversely impact not only the Company and its shareholders, but also other stakeholders.

The Company's risk tolerance is defined by the Board and is consistent with the Company's strategy.

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

In this policy:

**management** refers to the senior management team as distinct from the Board, comprising the Group's senior executives, being those who have the opportunity to materially influence the integrity, strategy and operation of the Group and its financial performance;

**Principles and Recommendations** means the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition;

**risk** means effect of uncertainty on objectives<sup>1</sup>;

**risk management** means co-ordinated activities to direct and control the Group with regard to risk<sup>1</sup>; and

**risk management framework** is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Group.<sup>1</sup>

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### 3 Risk management framework

The following framework references the Australian/New Zealand Standard *AS/NZS ISO 31000:2018 Risk management – Guidelines* and involves:

#### 3.1 Risk identification

The risks faced by the Group will be identified and documented in a risk register. Risk identification will be undertaken as part of the Group's strategic planning and budgeting process

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<sup>1</sup> As defined in Australian/New Zealand Standard *AS/NZS ISO 31000:2018 Risk management – Guidelines*

and may be carried out through a workshop with management and potentially the Board, facilitated by an external service provider or by a member of management.

The Group's activities give rise to a range of risks which are considered under the categories included in the Group's risk register

### **3.2 Risk analysis**

Once the list of risks is agreed on by management and the Board, the risks will be analysed by determining 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.

Risk prioritisation will be undertaken at the same time as risk identification and will be considered in light of a risk matrix.

### **3.3 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.

### **3.4 Risk treatment**

Where the level of risk is accepted, the risks will be monitored. Where the level of risk is above the desired level, management will develop and execute 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. When selecting the manner in which a risk will be treated, the Group will consider the values and perceptions of stakeholders and the most appropriate ways to communicate with them.

### **3.5 Monitoring and review**

The risk register will be reviewed, and if required updated, at least annually, or more often if required.

Risk is a standing agenda item at scheduled Board meetings and if required, the risk register is reviewed and updated at these meetings.

The risk management framework will be monitored and reviewed through the risk activities outlined in Section 4. 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.

### **3.6 Documentation**

The risk management framework and processes will be documented.

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## **4 Roles and responsibilities**

### **4.1 Chief Executive Officer**

The Chief Executive Officer is responsible for designing and implementing the Group's risk management framework and ensuring that the Group operates within the risk appetite set by the Board.

The Chief Executive Officer is required to:

- (a) report to the Board on all matters associated with risk management, as required;
- (b) report to the Board as to the effectiveness of the Group's management of its material business risks at least annually, but noting that risk is a standing agenda item at scheduled Board meetings;

- (c) review and update the Group's risk register and present the register to the Board at least annually;
- (d) provide to the Board (together with the Chief Financial Officer) with a declaration in accordance with Recommendation 4.2 and section 295A of the Corporations Act (**Declaration**) before it approves the annual and half-year financial statements and quarterly accounts;
- (e) prepare the disclosure in relation to Recommendations 7.1, 7.2, 7.3 and 7.4 of the Principles and Recommendations for inclusion in the Company's corporate governance statement prepared in accordance with ASX Listing Rule 4.10.3; and
- (f) review this policy and make recommendations to the Board about any proposed changes.

In fulfilling the duties of risk management, the Chief Executive Officer may have unrestricted access to the Company's employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Chair.

## **4.2 Board**

The Board is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives.

The Board is responsible for:

- (a) setting the Group's risk appetite and providing input into the Group's risk profile;
- (b) overseeing the risk management framework designed and implemented by management, noting updates to the risk register and questioning management, if required;
- (c) noting the Declaration before it approves the Company's annual and half-year financial statements and quarterly accounts;
- (d) approving changes to this policy; and
- (e) reviewing the Group's risk management framework at least annually to satisfy itself that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board.

## **4.3 Management**

Senior executives are responsible for assisting the Chief Executive Officer design and implement the Group's risk management framework and ensuring that the Group operates within the risk appetite set by the Board.

Management will seek assistance from managers and other employees as required.

## **4.4 Other Personnel**

All Personnel across the Group are responsible for observing the Group's policies, procedures, delegations and minimising risks to the Group at all times.

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## **5 Review**

The Board will review this Risk Management Policy at least annually and update it as required.