

NICO RESOURCES LIMITED

ACN 649 817 425

Risk Management Policy

1. INTRODUCTION

1.1 Background

NICO Resources Limited ACN 649 817 425 (**Company**) understands that its corporate success requires it to capitalize on potential opportunities while managing risk. While it is not possible for the Company to shield itself from all risk, it must do so to the extent reasonably practicable. Due to the nature of its business, the Company may face (without limitation) risks related to intellectual property, reputation and regulatory compliance. The Company has established a risk management framework to enable it to identify and manage risk on a continual basis (**Risk Management Framework**).

1.2 Application

This Risk Management Policy (**Policy**) applies particularly to the Company's board of directors (**Board**) and Audit and Risk Committee (when established) (**Committee**). All directors, advisors, employees, consultants and contractors of the Company (**Personnel**) must be aware of, and comply with, this Policy and other applicable Company policies.

1.3 Policy objectives

This Board has established this Policy to:

- (a) ensure the Company has appropriate processes in place to manage risk (having regard to ASIC Regulatory Guidance 259 *Risk management systems of responsible entities*); and
- (b) establish the Board's responsibility for managing risk and ensure appropriate responsibilities are delegated to the Committee.

2. RISK MANAGEMENT FRAMEWORK

2.1 Roles and responsibilities

The Board is ultimately responsible for:

- (a) designing and implementing the Risk Management Framework and the Company's risk appetite;
- (b) satisfying itself that the Risk Management Framework implements a robust system of risk management; and
- (c) detecting, evaluating, monitoring and reviewing risks.

The Board will administer the Risk Management Framework in accordance with the Audit and Risk Committee Charter, which is available on the Corporate Governance section of the Company's website.

When the Committee is established, the Board will delegate administration of the Risk Management Framework to the Committee.

The Board will review the effectiveness of the Company's risk management twice every year in accordance with the Company's half year review and full year audit.

2.2 Risk Management Framework

The Risk Management Framework is underpinned by:

- (a) the maintenance of robust Company policy and procedure to manage business, financial, operational and market risks;

- (b) a systematic process of risk identification and analysis, including assessment of the likelihood, potential impact and acceptability of identified risks;
- (c) implementation of strategies to eradicate, limit and manage identified risks; and
- (d) the Board will consider the following matters and, when established, the Committee will report to the Board on the following matters:
 - (i) the adequacy of the Company's risk management processes (having regard to contemporary and emergency risks, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change);
 - (ii) the Company's compliance with applicable laws and regulations;
 - (iii) any incident involving fraud or other break down of the Company's internal controls; and
 - (iv) the suitability of the Company's insurance program.

2.3 Review of Risk Management Framework

The Company recognizes that risks may change over time and effective risk management requires ongoing attention. The Company will, at least annually, review the Risk Management Framework to ensure it continues to be sound, and will disclose, in relation to each reporting period, whether such a review has taken place.

3. ADOPTION AND REVIEW OF THIS POLICY

3.1 Adoption

The Board adopted this Policy on 10 November 2021. It takes effect from that date and replaces any previous Company policy in this regard.

3.2 Review

This Policy can only be amended with the approval of the Board. The Board will review this Policy at least annually and will communicate any amendments to Personnel as appropriate.