



Risk Management Policy

Approved by the Board with effect 22 July 2021

Risk management is a complex and critical component of **Revolver Resources Holdings Ltd (ACN 651 974 980) (Company)** governance, the Board will oversee and guide the detail of risk management. The Managing Director and Executive Chairman are charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated. Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance. Therefore, the primary objectives of the risk management system at the Company are to ensure:

1. all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
2. business decisions throughout the Company appropriately balance the risk and reward trade off;
3. regulatory compliance and integrity in reporting are achieved; and
4. senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives, the Company's risk management system covers:

1. operations risk;
2. financial reporting; and
3. compliance.

The Board reviews all major strategies and transactions and corporate actions for their impact on the risk facing the Company and makes appropriate recommendations. The Company also undertakes an annual review of operations to update its risk profile. This normally occurs in conjunction with the strategic planning process. The Company discloses in each reporting period that such a review has taken place. The Board undertakes a quarterly review of those areas of risk identified.

In addition, as specified by Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Managing Director/ Executive Chairman and Chief Financial Officer conduct a review and provide a written declaration of assurance that 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.

The Board of the Company has identified a range of specific risks that have the potential to have an adverse impact on its business.



These include:

3.1 Mining Industry Risks

(a) Operating risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(b) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process that is required to liberate economic minerals and produce a saleable product and by nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(c) Minerals and currency price volatility

The Company's ability to proceed with the development of its Projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for minerals that may be mined commercially in the future from the Company's project areas, technological advancements, forward selling activities and production cost levels in major mineral-producing regions. Mineral prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. As a result, the Company is exposed to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets, which could have a material effect on the Company's



operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

(d) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition, including major mineral exploration and production companies. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's Projects and business.

Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities or technical staff. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(e) Tenure and land access risk

All of the Tenements overlap land the subject of cattle grazing and in respect to these Tenements, in respect of which the Company has entered into conduct and compensation agreements with the affected landholders in respect to its activities over the land.

Under Queensland and Commonwealth legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of other third-party interests which overlay areas within the Tenements, including pastoral leases, petroleum tenure and other mining tenure in respect of exploration or mining activities on the Tenements.

Land access is critical for exploration and/or exploitation to succeed. It requires both access to the mineral rights and access to the surface rights. Minerals rights may be negotiated and acquired. In all cases the acquisition of prospective exploration and mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining other necessary licences to conduct exploration or evaluation activities outside of the mineral tenements.

(f) Native title risks

There remains a risk that in the future, native title and/or registered native title claims may affect the land the subject of the Tenements or in the vicinity of the Tenements.

The existence of native title claims over the area covered by the Tenements, or a subsequent determination of native title over the area, will not impact the rights or interests of the holder under the Tenements provided the Tenements have been validly granted in accordance with the *Native Title Act 1993* (Cth) (**Native Title Act**).



However, if any Tenement was not validly granted in compliance with the Native Title Act, this may have an adverse impact on the Company's activities.

The grant of any future tenure to the Company over areas that are covered by registered claims or determinations will likely require engagement with the relevant claimants or native title holders (as relevant) in accordance with the Native Title Act.

(g) Financial assurance bonds

The Tenements are all subject to granted environmental authorities in respect to the relevant mining and exploration activities, pursuant to which an annual fee is payable by the Company.

Whilst the Company does not presently consider this to be a material risk to its planned exploration, there is a risk that financial assurance levels may change in the future due to changes in environmental risk associated with the Projects and this may have an adverse effect on the Company's performance.

(h) Environmental risk

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds.

All of the Tenements are subject to granted environmental authorities (**EAs**) in respect to the relevant mining and exploration activities. The EAs have been granted with standard conditions setting out the minimum operating requirements that the holder of an EA must comply with in carrying out the activities on the Tenements, It is the Company's intention to conduct its activities in compliance with all environmental laws, including the EAs.

Annual returns and payment of an annual fee are payable in respect to the environmental authorities. The Company is up to date with all payments and fees in respect to the environmental authorities.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Government authorities may, from time to time, review the environmental bonds that are placed on permits.



Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(i) Licences, permits and approvals

The Company holds all material authorisations required to undertake the exploration programs. However, many of the mineral rights and interests to be held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.

3.2 General Risks

(a) Economic risks

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any exploration or mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for minerals, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

(b) Market conditions

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;



- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Force majeure

The Company's Projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, subversive activities or sabotage, fires, floods, explosions or other catastrophes.

(d) Government and legal risk

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect the Projects. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its Projects. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(e) Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(f) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered



by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(g) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(h) Climate change risks

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(i) Infectious diseases

The outbreak of the coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets.

The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations and may interrupt the Company carrying out its contractual obligations or cause.