Anti-Bribery and Anti-Corruption Policy

1. Purpose

Chalice Mining Limited and its controlled entities (Chalice or the Company) are committed to responsible corporate governance, including ensuring that appropriate processes are in place to promote compliance with anti-bribery and anti-corruption laws in countries where Chalice operates.

Accordingly, the Board has endorsed this Bribery and Corruption Policy (Policy) to support its governance framework, consistent with Recommendation 3.4 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. This Policy should be read together with Chalice's other policies, including its Code of Conduct and Whistleblower Policy. References in this Policy to Chalice include its subsidiaries.

The purpose of this Policy is to:

a. outline the Company's position on bribery and other corrupt behaviour;
b. outline the responsibilities of the Board, officers, senior executives, employees, consultants, contractors (Chalice Personnel) in observing and upholding our position on bribery and corruption;
c. promote the use of legitimate business practices in presenting Chalice's position on issues to government authorities and in the marketplace; and
d. provide guidance on how to recognise and deal with instances of bribery and corruption.

2. Who does this Policy apply to?

All Chalice Personnel, any parties acting as representatives or agents of the Company, and others who may provide services on the Company's behalf (Chalice Group Representatives).

This Policy applies to the Company's majority-owned operations in countries in which the Company or its controlled entities operate. Where Chalice has a minority interest, compliance with the minimum requirements outlined in this Policy is required, recognising that the manner in which these requirements are met by our business partners may vary.

3. Sources of Legal Obligations

The sources of legal obligations behind this Policy are the anti-corruption laws of countries in which the Company and its subsidiaries operate, under the United Nations Anti-Corruptions Convention as well as the OECD Convention on the Combating Bribery of Foreign Public Officials in the International Business Transactions, including:

a. *Criminal Code Act 1995 (Cth), Criminal Code Amendment (Bribery of Foreign Officials) Act 1999 (Cth)* and *Corporations Act 2001* (Cth) (Australia);

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b. *Bribery Act 2010* (UK);

c. *Foreign Corrupt Practices Act 1977* (US) and the US Code, sec 666 – theft or bribery concerning programs receiving Federal funds (United States);

d. *Corruption of Foreign Public Officials Act* (Canada);

e. *Criminal Code* (Canada);

f. *Extractive Sector Transparency Measures Act* (Canada); and

g. any anti-corruption law of a country which applies to the Company, its business partners, or third parties operating on its behalf.

A number of the above laws, such as the Australian Criminal Code, the US Foreign Corrupt Practices Act and the UK Bribery Act 2010, have extra territorial reach. This means that, for example, under Australian law an Australian citizen may be prosecuted in Australia even where the relevant activity occurred overseas. These laws apply to Chalice as well as Chalice personnel.

4. Policy and Compliance

The Company does not tolerate any form of bribery or corruption. Bribery and corruption involve the misuse of position and influence, in return for improper advantage, undermining the integrity and fairness of the marketplace. The Company aims to comply with all applicable anti-bribery and anti-corruption laws in countries where we operate.

Facilitation payments are prohibited under this Policy, whether or not they are permitted under local law. Australian law does not provide a defence for facilitation payments in connection with foreign bribery.

Where the bribery or corruption laws of a country in which Chalice operates set a standard lower than this Policy, this Policy prevails.

5. Role of individuals and Chalice Group Representatives

The Company expects those covered by this Policy to:

- understand and comply with this Policy;
- report any suspected breaches of this Policy, including instances where improper payments (including facilitation payments) are requested, as soon as possible after the request is made;
- be alert to warning signs of corrupt conduct and, if in good faith, considers the conduct is or may be a breach of this Policy must immediately report or seek guidance about suspected or actual violation of this Policy. Reporting may be through management, to the relevant legal counsel, or through the Company's Whistleblower Policy, or other authority, depending on what is most comfortable or appropriate in the circumstances to the individual(s);
- encourage and acknowledge individuals for actively seeking to comply with and enforce this Policy, including those who refuse to engage in bribery or other corrupt conduct;

- conduct appropriate due diligence into potential counterparties, agents, joint venturers and other business partners and ensure that they comply with this Policy or that their own anti-bribery and corruption policies are consistent with this Policy and are being followed in accordance;
- use appropriate contractual requirements in agreements with third parties to ensure that Chalice has adequate protections (including, for example, warranties and guarantees) and rights (including, for example, notification, indemnification, audit, and termination); and
- discipline individuals who violate the Policy in accordance with section 17.

If any Chalice Group Representative is unsure whether a particular act constitutes bribery, a facilitation payment, a secret commission or money laundering, or has any other queries, they should ask their immediate manager.

6. Definitions

Bribery means the offering, promising, giving or accepting or soliciting of any of value (including a financial or other advantage) to improperly influence actions. Improper influence involves the intent to induce an action which is illegal, unethical or a breach of trust (a misuse of someone's position).

Corruption means dishonest activity involving the abuse of position and/or trust to get an advantage or gain not legitimately due (whether a personal advantage or an advantage for Chalice).

Bribery can often be difficult to identify, and it is important to remember that:

- Bribery can take many forms, is often disguised and may be difficult to trace or detect. Some examples of common types of bribes, and things often used to hide bribes, include:
  - money (or cash equivalent such as shares, gift cards, etc);
  - discounts;
  - unreasonable or extravagant gifts, entertainment or hospitality (including free or discounted upgrades, free or heavily discounted flights, accommodation or other product);
  - benefits and 'perks' to relatives, including employment, education, training, etc;
  - inflated or false invoices (or enhanced fees/commissions);
  - unwarranted allowances or expenses;
  - kickbacks;
  - "facilitation payments" also known as "grease payments" (see below);
  - political/charitable contributions;
  - uncompensated use of company services or facilities;
  - information;
  - anything else of value; or
  - another advantage not legitimately due (whether financial or not).
- Bribery may be direct, or it may be indirect, for example, involving an intermediary or agent of the person giving or accepting the bribe.
- Bribes need not involve large sums of money and in fact, a bribe can occur even if no money is exchanged at all.

- The offence of bribery can occur even if the bribe is 'unsuccessful' (eg, the conduct sought to be induced does not occur).

A **facilitation payment** is a small payment or other inducement provided to a Government Official in order to secure or expedite a routine function that the official is ordinarily obliged to perform already (such as the grant of a license or customs approval).

A **secret commission** is an undisclosed payment (or something of value) that is offered or provided to a representative of a person for the purpose of influencing that person in the conduct of their business.

Extortion is an improper demand for payment from an employee or representative.

The definition of "**Government Official**" is relatively broad and extends beyond the common understanding of the term. Government Official includes:

- any official or employee of a government (whether national, state/provincial or local) or agency, department or instrumentality of any government;
- any official or employee of a government-owned or controlled entity (including state owned or controlled enterprises);
- any official or employee of any public international organisation (for example, the UN, the World Bank, etc);
- any person acting in an official function or capacity for such government, agency, instrumentality, entity or organisation;
- any person who holds or performs the duties of any appointment created by custom or convention or who otherwise acts in an official capacity (including some indigenous or tribal leaders who are authorised and empowered to act on behalf of the relevant group of indigenous peoples and members of royal families);
- any political party, party official or candidate for political office;
- any person who holds themselves out to be an authorised intermediary of a government official.

If you are unsure whether an individual is a Government Official, please contact your immediate manager.

The Schedule to this Policy sets out some further examples of "red flags" that may indicate that further inquiry is appropriate to ensure there are no potential bribery or corruption issues.

7. Improper Exchanges – Offering and Receiving

Chalice Group Representatives must not offer, promise, accept, receive or request – or engage another party to offer, promise, accept, receive or request anything of value (cash, loan, gift, hospitality, personal/family/social/sporting/ cultural favour or other financial or non-financial advantage) for the purpose of inducing or rewarding a discretionary favourable action or the exercise of influence, regardless of the country, public or private sector or person concerned. The payment or receipt of secret or undisclosed commissions is strictly prohibited.

Chalice and Chalice Group Representatives must not consent to, or connive in, aid or abet, counsel or procure the commission of any of the conduct outlined in this Policy.

8. Extortion

The Company also condemns improper demands for payment from Chalice Group Representatives, referred to in many parts of the world as "extortion". A payment can be made where a member of Chalice Group Representatives reasonably believes that his/her or another's life or health is at risk unless a demand for payment is met, provided the Chalice Group Representatives immediately reports the incident to the Managing Director of Chalice.

Absent an immediate threat to life or health, where an improper demand for payment has been made under threat or confinement or serious destruction of company property, the Managing Director should be contacted immediately.

9. Gifts, Discounts and Hospitality

Exchange of gifts, discounts or hospitality (including customer travel and accommodation) made in the ordinary course may compromise – or appear to compromise – the exercise of objective business judgement. These may also give rise to the conflict between the personal interests of Chalice Group Representatives and the interest of Chalice. Chalice Group Representatives must be cautious when offering or receiving gifts and hospitality, discounts or hospitality, and only do so when these are:

a. token, seasonal or due to a special occasion or local custom, and in line with the accepted business practice;
b. not seen to impair independent business judgement, particularly in connection with an anticipated or pending business transaction or regulatory approval; and
c. be consistent with this Policy.

In some jurisdictions there are strict restrictions on exchanging gifts and hospitality with Government Officials and the reimbursement government officials' expenses. When dealing with government stakeholders, Chalice Group Representatives must comply with Chalice's regional guidelines on gifts and hospitality to ensure compliance with local law and section 13 of this Policy.

When dealing with private or publicly-listed business partners, Chalice Group Representatives must not accept or offer gifts and hospitality valued at over $250 at any one occasion. Multiple exchanges of gifts and hospitality under this threshold with the same person should also be avoided. Where in doubt, Chalice Group Representatives must consult with the Managing Director, or in the case where the Managing Director is the recipient, the Chair. The Managing Director, or in the case of the Managing Director, the Chair, has absolute discretion to approve hospitality or gifts over this threshold if appropriate and permissible by law. Such gifts and hospitality are recorded in a gifts and hospitality exemptions register.

Where a Chalice subsidiary company's rules in relation to gifts and hospitality are more restrictive due to the jurisdiction in which it operates, then affected Chalice Group Representatives must comply with the rules of the subsidiary.

10. Intermediaries, Agents, Business Partners and Other Third Parties

In situations where a third party/intermediary is engaged for example, to:

- represent Chalice's interest, for example, to current and potential private or government
- business partners (such as a sales agent, a customs clearing agent or a lobbyist) (an intermediary);
- conduct work on behalf of Chalice (a contractor); or
- work with Chalice on a particular project or matter (such as a JV partner or business partner),

The Chalice Personnel responsible for the engagement must:

a. ensure that Chalice undertakes appropriate and documented due diligence regarding the integrity, reputation, credentials and qualifications of the third party;
b. ensure that the fees payable to the third party are reasonable for the services being rendered. Ad valorem or percentage-based fees may not be agreed without prior approval of the Managing Director or a designated person;
c. ensure that the Chalice's position with respect to anti-bribery and corruption as set out in this Policy is communicated to the third party;
d. ensure that the third party either agrees in writing to comply with this Policy, or has similar values and similar appropriate anti-bribery and corruption policies of its own. Where such third parties have a policy which substantially meets the principles and requirements set out in this Policy, Chalice may accept a commitment by that entity to comply with that entity's own policy in place of requiring a commitment to comply with this Policy;
e. ensure that the agreement with the third party incorporates Chalice's standard terms in relation to anti-bribery and corruption, as appropriate based on the risk based assessment of the third party (including clauses relating to matters such as warranty, guarantee, reporting, audit, termination and indemnification); and
f. undertake regular reviews (as appropriate) of the third party's performance to monitor relevant performance and prevent misconduct.

It is the responsibility of the employee engaging the third party to ensure that these requirements are met. Entities Chalice seeks to acquire must also be subject to appropriate and documented anti-bribery and corruption due diligence.

11. Donations

Political donations

All dealings with politicians and government officers which relate to Chalice and its business activities must be conducted at arm's length and with the utmost professionalism to avoid any perception of attempting to gain an advantage.

Any political donations must be authorised in advance by the Board, or alternatively the Chair where $5,000 or less, and comply with the local law and government policies of the jurisdiction where the donation is made. They must also be recorded accurately in Chalice's accounts.

Attendance at political gatherings, meetings and functions in a professional capacity is permitted where there is a legitimate business purpose. Records of attendance (and the cost of attendance) must be declared in Chalices' gifts and hospitality exemptions register.

Charitable donations

Chalice supports a number of charitable causes around the world. By making charitable donations, without expectation or acceptance of favourable action or the exercise of influence. In limited circumstances, a charitable donation may pose a risk of corruption, for example by being made to an artificial charitable organisation, or ultimately benefiting a third party such as a Government Official.

To address this risk, charitable donations on behalf of Chalice must:

a. be made only to approved not-for-profit organisations whose goals reflect Chalice's values;
b. be approved only by the Managing Director or a designated person;
c. be accurately recorded in the business records of the Company;
d. not be made to individuals or for-profit organisations;
e. not be made in cash or to private accounts; and
f. be consistent with this Policy.

Authorisation of charitable donations must only be made within relevant authority limits and the approved operating budget.

12. Acquisitions and joint ventures

Acquisitions

Unless the Managing Director determines otherwise (which he or she may do for instance in the case of an acquisition in Australia of an interest in a mining venture from a major reputable mining company), prior to any acquisition of a new company or business (including of an interest in a joint venture), anti-bribery due diligence must be undertaken, and a due diligence report completed to a level of detail and of a standard required by the Managing Director. Detailed written records of those investigations must be retained.

Any "red flags" identified during the due diligence process must be raised with the Managing Director and resolved to Managing Director's satisfaction. Acquisition and joint venture arrangements must not be entered into until the issues identified during due diligence have been satisfactorily resolved.

Joint ventures

Where Chalice effectively controls a joint venture, the joint venture must comply with this Policy.

Where Chalice does not have effective control of the joint venture, Chalice must exercise its influence to assist the joint venture to avoid improper conduct.

13. Certain transactions requiring prior Board approval

Certain transactions are by their nature inherently risky and must always be elevated to the Board for prior approval before being entered into.

The following transactions fall into that category (and are additional to transactions identified elsewhere in this Policy as requiring prior Board approval):

- any consultancy role where the consultant is unusually close to a Government or any Government Official (notwithstanding that there may be no official or commercial ties between those parties);
- engagement of a party to help with commercial negotiation of a contract with a Government or government entity outside Australia (other than in a purely professional capacity such as in the capacity of a tax or legal adviser);
- any transaction outside Australia, or without limitation not in the ordinary course in Australia, where a counterparty has a current or historical political connection (whether through family, business relationships, current or past government roles or appointments, current or historical holding of an elected position or otherwise); and
- any transaction where elements of the transaction have no apparent justifying commercial rationale (for instance where a shell company or party that apparently brings nothing of evident value to the transaction is nonetheless the recipient of a significant payment, or where money or money's worth is passing to a party as an apparent windfall or in payment for an asset the recipient apparently received for free).

14. Sponsorships

Sponsorships differ from charitable donations in that, apart from providing a benefit to the organisation, event or activity being sponsored, they are also aimed at obtaining a marketing benefit for Chalice. Sponsorships can create problems where they are seen to improperly induce or reward a discretionary favourable action or the exercise of influence.

Chalice will not sponsor events or activities that are:

a. inconsistent with Chalice's values or this Policy; or

b. linked to any organisation or individuals that could bring Chalice into disrepute.

Authorisation of sponsorship arrangements must only be made within relevant authority limits, and subject to approval by the Managing Director or a designated person.

15. Maintaining Business Records

Chalice Group Representatives must keep complete and accurate business records, including financial, human resources, payroll and environmental records, and not create false, misleading or artificial entries to conceal improper payments or corrupt activity. All applicable control and approval procedures must be followed.

All expenses relating to gifts and hospitality provided by Chalice or Chalice Group Representatives must be accurately recorded, with reasonable detail, in the business records of the Company in accordance with the relevant Chalice policy (if any).

16. Training and Communication

The Company will communicate this Policy to Chalice Group Representatives through its established communication channels and provide the appropriate level of training.

The Company encourages open communication regarding this Policy and any matters which may arise under it. As noted in section 5, Chalice Group Representatives are required to report any suspected breach of the Policy.

As no Policy such as this can address every possible situation that may arise to which it may apply, this Policy is intended to serve as a source of guiding principles and to encourage open dialogue and communication.

17. Consequences of breach

The Company considers any breach of this Policy to be serious misconduct.

Disciplinary action will be taken against anyone who breaches this Policy; the nature of such action will depend on the severity of the breach but may include a reprimand, formal warning, demotion, and/or termination of employment.

If a third party providing services to or on behalf of Chalice does not comply with this Policy, Chalice will review, and may terminate, the engagement of that third party.

Any breach of this Policy is a serious matter which will be investigated and addressed by Chalice. Depending on the circumstances, Chalice may also refer matters to regulatory and law enforcement agencies. The Board or its delegated committee is to be informed of any material breaches of this policy, including any information that may be materially price sensitive in accordance with Chalice's Disclosure Policy.

As noted at the outset of this Policy, in most countries, including Australia, bribery and many other forms of corruption are crimes, which can have very serious consequences for Chalice and individuals involved in the conduct, including criminal and civil penalties or fines, criminal convictions and imprisonment. Business consequences can also be very serious, and include potential liabilities, loss of business, damage to relationships, exclusion from bids, and other such outcomes.

18. Review of this Policy

The Managing Director is responsible for monitoring and applying this Policy and for keeping this Policy current.

This will include an annual review of this policy by the Board.

Outcomes from audits (including any special audits and/or investigations) will also be taken into account in updating the Policy.

Appendix A Potential "red flag" scenarios

The following is a list of bribery and anti-corruption "red flags" that may arise during the course of working for or providing services to Chalice. The list is for illustration purposes only and is not intended to be exhaustive.

If you encounter any of the following, you must report them promptly in accordance with section 5 of this Policy.

- The jurisdiction involved has a high level of perceived corruption risk (using the *Transparency International Corruption Perceptions Index* as a guide).
- The transaction involves an industry with a high level of historical anti-bribery violations.
- You learn that a third party engages in, or has been accused of engaging in, improper business practices, or has a reputation for colourable dealings.
- You learn that a third party has a reputation for paying bribes or requiring that bribes are paid to it.
- The third party is or has been unusually close to a Government or any Government Official or has suspicious current or past political connections (whether through family, business relationships, current or past government roles or appointments, current or historical holding of an elected position or otherwise).
- How a third party is "able to get things done" is puzzling having regard to the apparent lack of qualifications, resources or expertise of that third party.
- A third party appears to lack the requisite capability, staff qualifications or expertise to provide the services or goods for which it is being engaged.
- Chalice is being pressed by another party to engage the third party.
- References from others call into question whether a third party is ethical.
- A third party such as a lawyer, accountant or intermediary is undertaking work outside that party's area of expertise and would not normally be directly involved in the type of project or business activity for which it is being retained.
- A third party suggests in the context of a transaction that a donation be made to a political party or particular charity.
- Aspects of a transaction with a third party lack commercial rationale or any transaction payments appear not to be arm's length.
- A third party demands payment that is excessive or not commercially explicable.
- A third party insists on receiving a commission or fee payment before committing to sign up to a contract with a Chalice company, or carrying out a government function or process for a Chalice company.
- A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made or otherwise seems to wish to avoid a "paper trail".
- A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business.

- Payment is requested to anonymous bank accounts or to an entity or person not party to the transaction or to an opaque jurisdiction or a shell company.
- A third party requests an unexpected additional fee or commission to "facilitate" a service.
- A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services.
- You learn that a colleague has been taking out a particular supplier for very expensive and frequent meals.
- A third party requests that a payment is made to "overlook" potential legal violations.
- A third party requests that a Chalice company provide employment, assistance with international education, or some other advantage to a friend or relative.
- You receive an invoice from a third party that appears to be non-standard or customised.
- A third party insists on the use of side letters or refuses to put terms agreed in writing or to enter into a usual contract.
- A third party is reluctant to accept Chalice's standard anti-bribery and anti-Corruption contractual provisions or is reluctant to provide an anti-bribery and corruption certification.
- You notice that Chalice has been invoiced for a commission or fee payment that appears large given the service stated to have been provided.
- A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to the Chalice company concerned.
- You are offered an unusually generous gift or offered lavish hospitality by a third party.
- There is a suggestion of reciprocal favours as part of a business relationship.