

## FRAUD POLICY

### INTRODUCTION

Eastern Metals Limited (Eastern Metals) its subsidiaries and associated entities (the Eastern Metals Group) is committed to preventing fraud and corruption from occurring and to ensuring it has an anti-fraud culture.

Occupational fraud and abuses fall into four main categories:

- theft through the misappropriation or misuse of assets for personal benefit;
- bribery and corruption;
- false accounting and/or making fraudulent statements with a view to personal gain or gain for another; and
- externally perpetrated fraud against the Company.

### PRINCIPLES

The following principles apply within the Company:

- Eastern Metals representatives must not defraud the Company, other Eastern Metals representatives, clients or its contractors, in any way.
- Eastern Metals will not tolerate fraud, impropriety or dishonesty and will investigate all instances of suspected fraud, impropriety, or dishonest conduct by Eastern Metals representatives or contractors.
- Eastern Metals will take action, including dismissal and/or criminal prosecution, against any Eastern Metals representative defrauding (or attempting to defraud) the Company, other Eastern Metals representatives, clients or its contractors.
- Eastern Metals will take action, including criminal prosecution, against external organisations defrauding (or attempting to defraud) the Company, Eastern Metals representatives in the course of their work, clients or contractors.
- Eastern Metals will co-operate fully with an external investigating body.
- Eastern Metals will always seek to recover funds lost through fraud.

### ANTI-FRAUD CULTURE

Management is responsible for encouraging an anti-fraud culture throughout the Eastern Metals Group and its Directors, officers, employees (full time, part time, and casual) and key contractors/consultants (Eastern Metals representatives) and all other people when they represent the Eastern Metals Group by ensuring:

- Eastern Metals representatives have, and are seen to have, the highest standards of honesty, propriety and integrity in the exercise of their duties;
- Eastern Metals representatives act with propriety in the use of resources and in the handling and use of company funds whether they are involved with cash or payment systems, receipts or dealing with contractors or suppliers;
- Eastern Metals representatives understand the fraud policy which Eastern Metals maintains;
- if fraud occurs a vigorous and prompt investigation takes place;
- appropriate disciplinary and legal action is taken in all cases, where justified;
- systems and procedures are reviewed to prevent similar frauds; and

- all discovered cases of fraud are recorded and reported.

## **PREVENTION**

Management is responsible for the detection and prevention of fraud, misappropriations and other irregularities. They should be alert to the possibility that unusual events may be symptoms of fraud or attempted fraud and that fraud may be highlighted as a result of management checks or be brought to their attention by a third party. Management must:

- be aware of the potential for fraud;
- ensure that an adequate system of internal control exists, appropriate to the risk involved and those controls are properly operated and complied with; and
- review and test control systems to satisfy themselves the systems continue to operate effectively.

## **REPORTING**

Eastern Metals representatives must report details of any suspected fraud, impropriety or other dishonest activity immediately to Executive Management / Directors or the Company's auditors. Under the Company's Code of Conduct and Ethics, Eastern Metals representatives can do so without fear of prejudice or harassment, and in confidence if they wish. They may be required to assist in the investigation of any suspected fraud.

Management will inform Executive Management / Directors if there are indications that an external organisation (such as a contractor or client) may be trying to defraud (or has defrauded) the Company or Eastern Metals representatives carrying out their duties.

They will also inform Executive Management / Directors if they suspect Eastern Metals representatives may be involved in fraudulent activity, impropriety or dishonest conduct.

Executive Management / Directors will report all frauds to the Audit & Risk Committee. Executive Management / Directors will also contact other Board members immediately on being alerted to such suspicions. Time is of the essence in reporting suspicions.

Eastern Metals representatives reporting or investigating suspected fraud should take care to avoid doing anything which might prejudice the case against the suspected fraudster.

Concerns which should be reported include, but are not limited to, Eastern Metals representatives committing or attempting to commit:

- any dishonest or fraudulent act;
- forgery or alteration of documents or accounts;
- misappropriation of funds, supplies or other assets;
- impropriety in the handling or reporting of money or financial transactions;
- profiting from an official position;
- disclosure of official activities or information for advantage;
- accepting or seeking value from third parties by virtue of official position or duties; and
- theft or misuse of property, facilities or services.

External organisations' actions which should be reported include:

- being offered a bribe or inducement by a supplier;
- receiving fraudulent (rather than erroneous) invoices from a supplier; and
- reported allegations of corruption or deception by a supplier.

## **RESPONSE TO FRAUD OR SUSPECTED FRAUD**

Eastern Metals will respond with the following action in the event of fraud being discovered or suspected:

- incidents, including details of allegations, investigations and conclusions will be recorded;
- frauds, and allegations of fraud, will be investigated by an appointed suitably qualified senior

- Eastern Metals representative independent of the area under suspicion;
- progress on investigations will be reported to the Audit & Risk Committee as a standing item on the agenda.

## **INVESTIGATION RESPONSIBILITIES**

### **The Audit & Risk Committee will:**

- oversee the internal control system designed to counter the risks faced by the Company;
- oversee investigations of allegations of fraud;
- receive the investigating officer's findings; and
- consider an appropriate response.

### **The Chief Financial Officer will:**

- assist the Audit & Risk Committee to develop and maintain effective controls against fraud.

### **The Appointed Investigator will:**

- carry out a thorough investigation if fraud is suspected;
- gather evidence, take statements and write reports on suspected frauds;
- identify any weaknesses which contributed to the fraud; and
- if necessary, make recommendations for remedial action.

To carry out these duties the appointed investigator will have unrestricted access to Executive Management, the Audit & Risk Committee, the Company's Auditors, and the Eastern Metals legal advisers.

Date adopted: 17 May 2021