



Levels of Authority Policy

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Document History

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1.0 INTRODUCTION

Clearly defined levels of authority limits and their delegation within AVZ Minerals Limited and all of its registered subsidiaries are a means of control to ensure good business practice and governance, with the aim to:

- Safeguard company assets
- Set the Levels of Authority so that the appropriate prudence measures are instituted in the organisation to eliminate ambiguity and to control the outflow of cash resources held by the company
- Introduce multiple levels of sign off on large value spending
- Ensure spending is aligned with approved budgets
- To provide a level of Corporate Governance, tracking and traceability of spending
- Enable Directors, Management and Staff to effectively and efficiently undertake their responsibilities.

This Policy sets out the authorities that the Board of Directors of AVZ Minerals Limited has delegated to management, as well as the matters reserved for the Board to decide upon. The purpose of the document is to:

- Ensure clarity in relation to the matters the Board has delegated to management to undertake
- Establish authority limits for transacting with customers, suppliers, employees and other parties via the Authorities Matrix, contained in Appendix 1
- Identify the requirements for the delegation of authority limits.

The Policy provides a single reference point for authority limits. It may refer to other AVZ company documents, and does not replace these documents, but should be read in conjunction with them. It applies to all AVZ companies, unless specifically stated.

1.1 Abbreviations and definitions

CEO – Chief Executive Officer

COO – Chief Operating Officer

CFO – Chief Financial Officer

CTO – Chief Technical Officer

WDV – Written Down Value

Pronto – Enterprise Resource Planning System

EFT – Electronic Funds Transfer

The Executive Managers are the members of the AVZ Executive Team.

1.2 General Principles

The Policy follows the general principle of escalation to the next level of management where an individual's authority limit is exceeded.

Practices which undermine the spirit of the Policy are expressly prohibited, such as:

- Separating large orders into smaller instalments to over-ride authorisation limits
- Failing to raise a purchase order or contract prior to commencement of work or delivery of goods by a supplier or contractor
- Entering a purchase order that is knowingly insufficient for completion of work required or goods ordered (for example, raising a purchase order for \$1 or as TBA)
- Providing a Pronto username and password to another employee for use during an authoriser's temporary absence.

The Authorities Matrix contains individual positions, as well as three groups. The positions contained in each of the groups should be documented separately and kept up to date. At a high level, it is intended that the groups should consist of the following positions:

- Individually named
- Manager
- Superintendent
- Supervisor
- Administration and other staff.

1.3 Matters reserved for the Board

All matters that may have a material impact on the company will be referred to the AVZ Board of Directors. A list of matters reserved specifically for the decision of the Board or a duly authorised Board committee or Director include:

1.3.1 Financial matters

- Approval of full year financial statements
- Approval of dividend payments
- Adoption of significant changes in accounting policies
- Approval of changes in the share capital of any AVZ company
- The approval of all company guarantees given to external parties
- Approval of any new or increase in borrowing facilities

1.3.2 Corporate matters

- Convening general meetings of the company
- Responding to any takeover or merger requests, or making a takeover or merger offer to another company
- Changes relating to the corporate structure of the AVZ companies

1.3.3 Appointments and structure

- Appointment and removal of the CEO
- Appointment and removal of the Company Secretary
- Reviewing succession planning for the Board and senior management
- Approval of major changes to employee remuneration policies or incentive schemes

1.3.4 Strategy and budgets

- Approval of a new or modified strategic plan for the Group
- Approval of the annual budget
- Significant changes to activities, including entry or exit to/from new services, markets and jurisdictions

1.3.5 Litigation

- The Board must be advised of all litigation proposed by or commenced against the AVZ company

1.3.6 Other

- Appointing or removing the company's auditors
- Approval of changes to Health and Safety policy
- Approval of the annual insurance program
- Monitoring of the Directors and Officers Liability insurance program
- Agreeing fee levels for Non-Executive Directors

1.4 Segregation of Duties

Segregation of duties should be maintained where possible, and an authorisation hierarchy established to minimise the risk of misappropriation of company assets.

Where segregation of duties is impractical due to the number of staff in an office, alternative controls should be implemented to minimise the risk of unauthorised transactions and misappropriation of company assets.

1.5 Delegation of Authority

Business demands or absences of staff may mean that an individual temporarily requires a higher authority limit than stated in this Procedure. To increase the authority limit for an individual, the following requirements must be met:

- The increased limit must be approved by the individual's Executive Manager, or in the case of an Executive Manager, the CEO
- The approval must be in writing and state the period for which it relates
- The increased limit must be no higher than that of the approving Executive Manager, or in the case of an Executive Manager, the CEO
- The increased limit shall be administered through Pronto and have a defined period after which the limit will automatically revert to the incumbents original profile limit.

Authorisers must not provide their own Pronto logon details to a delegate for use during their absence, this will be done through Pronto where a delegation function exists to allocate the new authority profile to the recipient temporarily.

2.0 AUTHORITY LIMITS

The Authorities Matrix consists of the following sections:

- Purchasing from suppliers and contractors
- Selling to customers
- Managing assets
- Managing employees.

2.1 Purchasing from Suppliers and Contractors

In addition to the limits contained in the Authorities Matrix, the following requirements apply:

- The majority of purchases of goods and services by AVZ are to be made through a purchase order. The only exception to this requirement is where it is impractical to use a purchase order, such as for telephone bills, utilities bills, employee-related expenses, tax payments, pre authorised credit card payments and similar items
- To facilitate efficient business processes, an employee from a lower group on the Authorities Matrix may be delegated a higher authority limit temporarily, in accordance with the principles in section 1.3 of this Policy
- A supplier invoice that has an exact three-way match between the invoice, purchase order and delivery docket is not required to be submitted for physical approval prior to being processed for payment as the PO was authorised against the LOA in the first place

- A capital item is defined in the Capital Policy (under development). All capital items must have an approved Capital Expenditure Request (document MN200-1105-PRJ-GN-CER-001) prior to a commitment being made. Once approved, capital items are subject to the same purchase order and invoice approval limits as non-capital items
- The limits for entering into a lease commitment are based on the present value of the lease and the approval matrix.
- The limits for entering into a finance lease commitment are as per the capital request approval limits in the approval matrix.

2.2 Selling to Customers

In addition to the limits contained in the Authorities Matrix, the following requirements apply:

- Customers must complete a credit application form (document yet to be defined) and be subjected to a credit review prior to being granted credit
- Any variation to AVZ's Policy trading terms and conditions of sale (document yet to be defined) must undergo commercial review and be approved by the CEO, CFO, CTO and COO
- The limits for approving a quote, tender, contract or order for or with a customer are based on the total value of the quote, tender, contract or order
- The limits for approving a variation or scope change are based on the value of the variation or scope change.

2.3 Managing Assets

In addition to the limits contained in the Authorities Matrix, the following requirements apply:

- The processes for purchasing, disposing of and writing-off of assets are contained in the authorities matrix
- The authority limits for disposing of an asset are the higher of the asset's written down value and the estimated sales proceeds
- In the event of a debt being considered doubtful, the CFO should be advised and provide authorisation for a doubtful debt to be raised in Pronto. Any further action to write-off the debt should be in accordance with the Authorities Matrix.

2.4 Managing Employees

In addition to the limits contained in the Authorities Matrix, the following requirements apply:

- For clarity, the approval of the General Manager Operations is required prior to recruitment for all permanent positions and salary changes

- Corporate recruitment is to be pre approved by CEO
- All timesheets, leave requests, travel requests, expense claims and credit card transaction summaries must be approved by the next-up manager. The processes for these items are contained in the relevant Procedures
- Further details on travel requirements are contained in the AVZ Travel Policy (document PR000-COR-GN-POL-005)
- Cash advances on credit cards must be approved by the CEO, CFO, COO and CTO

3.0 DOCUMENT REVIEW

This document shall be reviewed every year from the last revised date.

A controlled copy of the latest revision of this document can only be viewed via the CPC Integrated Management System (IMS). All other copies are uncontrolled and may not be the latest revision.

4.0 APPENDIX 1 – AUTHORITIES MATRIX

Notes:

1. A tick in the matrix means that this activity is able to be done by that person, not that it must be done by them
2. This matrix shall be revised as soon as Construction is completed and Operations starts
3. All Dollar figures are in USD.

Activity	Notes	Board	CEO	COO	CTO	CFO	GM MLTO	GM AVZP	GM LOGISTICS	Discipline Manager	Superintendent	Supervisor	Employee
General PO and Contract set up													
Approving supplier terms and conditions	CAF to be used to articulate the departures to the AVZ Terms and Conditions	N/A	N/A	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving Supplier Application as a vendor Form	Supplier Application Form to be used MN200-2021-COM-FN-FRM-XXX. Supplier added as an approved vendor on Pronto once the form is approved.	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A
Purchase order from suppliers within budget													
Authorising the non Capital Purchase Order unbudgeted	Pronto Requisition is in place and routes the req for LOA sign off according to the Level of commitment	>1 M	<1 M	<0.5 M	<0.5 M	<0.5 M	<0.1 M	0	0	0	0	0	0
Authorising the non Capital Purchase Order within Budget	Pronto Requisition is in place and routes the req for LOA sign off according to the Level of commitment	>5 M	<5 M	<2.5 M	<2.5 M	<2.5 M	<0.25 M	<0.1 M	<0.1 M	<0.05 M	<500	<100	0
Approving an unmatched invoice from a supplier	Required if no match between invoice, order and receipt, note PO was already authorised in Pronto	N/A	N/A	N/A	N/A	N/A	<0.25	<0.1 M	<0.1 M	0	0	0	0
Authorising the Capital Expense Request CER unbudgeted	MN200-1105-PRJ-GN-CER -XXX document is to be used to present the unbudgeted Capital spend request	>1 M	<1 M	<0.5 M	<0.5 M	<0.5 M	<0.1 M	0	0	0	0	0	0
Authorising the Capital Expense Request CER within Budget	MN200-1105-PRJ-GN-CER -XXX document is to be used to present the budgeted Capital spend request	>5 M	<5 M	<2.5 M	<2.5 M	<2.5 M	<0.25 M	<0.1 M	<0.1 M	<0.05 M	<500	<100	0
Contracts													
Entering into an operating lease agreement	Present value over term and exposure and both CER and CAF forms	>1 M	<1 M	0	0	0	0	0	0	0	0	0	0
Entering into a budgeted contract non Corporate, small works and consultancy agreements below USD 250K	Present value over term and exposure and both CER and CAF forms	N/A	N/A	<0.5 M	<0.5 M	<0.5 M	<0.2 M	0	0	0	0	0	0

Activity	Notes	Board	CEO	COO	CTO	CFO	GM MLTO	GM AVZP	GM LOGISTICS	Discipline Manager	Superintendent	Supervisor	Employee
Entering into a budgeted contract non Corporate, small works and consultancy agreements above USD 250K	Present value over term and exposure and both CER and CAF forms	>1 M	<1 M	<0.5 M	<0.5 M	<0.5 M	<0.1 M	0	0	0	0	0	0
Entering into a budgeted major contract, mining, construction, etc <\$250K	Present value over term and exposure and both CER and CAF forms	N/A	N/A	<0.25 M	<0.25 M	<0.25 M	<0.1 M	0	0	0	0	0	0
Entering into a budgeted major contract, mining, construction, etc >\$250K	Present value over term and exposure and both CER and CAF forms	>10 M	<10 M	<7.5 M	<7.5 M	<7.5 M	0	0	0	0	0	0	0
Entering into corporate supply contracts, Sulphuric acid, Diesel, Ferro Silicon, Power offtake and Transport Logistics	Present value over term and exposure and both CER and CAF forms	>10 M	<7.5 M	<5 M	<5 M	<5 M	0	0	0	0	0	0	0
Selling to customers													
Granting credit to a new customer	Present value over term and exposure and both CER and CAF forms	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving a variation of sale agreement or term change	Present value over term and exposure and both CER and CAF forms	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving a Take off agreement	Present value over term and exposure and both CER and CAF forms	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving a discount on a product sale		Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Managing assets													
Disposing of an asset	Higher of WDV or sales proceeds	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Writing-off an asset	Higher of WDV or sales proceeds	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Writing-off a debtor	Legal route exhausted or not appropriate	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Managing employees													
Approving a recruitment confirmation form	Salaried only. Required prior to offer of employment	N/A	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving an offer of an employment	Once a recruitment confirmation form is approved	N/A	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving a salary or rate change request	C Suite only	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving an employee termination request	GM and C Suite only	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A
Approving payroll, super and related tax payments	C Suite only	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Approving a timesheet	One-up manager	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Approving a leave request	One-up manager	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A

Activity	Notes	Board	CEO	COO	CTO	CFO	GM MLTO	GM AVZP	GM LOGISTICS	Discipline Manager	Superintendent	Supervisor	Employee
Approving a budgeted travel request	One-up manager	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A
Approving overseas or business class travel	CEO only	N/A	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approving an expense claim within budget	One-up manager	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A	N/A
Approving a credit card expense report	C Suite only	N/A	Yes	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A