



**ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING
POLICY**



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1 POLICY STATEMENT

Brazilian Nickel PLC (BRN) is committed to ensuring that its business operations are not used by others to bring funds generated by illegal activities into legitimate commerce. BRN will take the necessary measures not to be used in the channelling of resources from acts of corruption, money laundering or the financing of terrorism. Therefore, BRN has ensured it understands and follow the applicable regulations and best practice including: due diligence and monitoring requirements, sanction lists, record keeping requirements, training and reporting of suspicious circumstances and/or certain transactions in accordance with relevant laws.

This policy sets the procedures guided by Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) laws and regulations. It has been developed to reduce the risk of money laundering and terrorist financing associated with BRN’s business. It also intends to educate all BRN representatives to detect red flags for being misused for money laundering, terrorist financing or other financial crimes purposes, to explain our individual responsibilities in complying with AML and ATF laws around the world, and to ensure that any third parties that we engage to act on our behalf do the same. This policy statement is the statement of Brazilian Nickel PLC and its subsidiaries.

Any employee who breaches the rules in this policy, or who permits anyone else to do so, may be subject to appropriate disciplinary action up to and including dismissal. They may also be subject to personal civil liability or criminal prosecution.

If you have any questions about this policy you should contact the Compliance Officer.

2 APPLICABLE LAWS AND REGULATIONS

It is BRN’s policy to comply with all applicable AML and ATF laws in our operations worldwide. BRN will only conduct business with other parties who are involved in legitimate business activity and whose funds are derived from legitimate sources.

BRN is a UK company and looks to UK laws and regulations. The UK money laundering offences are created by Part 7 of the Proceeds of Crime Act 2002 (POCA) and include the principal money laundering offences and reporting offences which apply to the regulated sectors. It is also an offence to attempt, conspire, incite, aid, abet, counsel or procure the commission of a principal money laundering offence. There are similar offences relating to terrorist financing contained in Part 2 of the Terrorist Act 2000; in particular offences of fundraising, use and possession, funding arrangements, money laundering and terrorist finance. The anti-terrorist financing regime in the UK runs parallel to the UK’s anti-money laundering regime.

Since the UK’s exit from the EU, the Sanctions and Anti-Money Laundering Act 2018 (SAMLA) is the legislation which allows the UK to impose economic and other sanctions (as a national sanctions framework), and which enables the updating of money laundering and terrorist financing regulations and the implementation fo standards relating to combating threats to the integrity of the international

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financial system. A number of regulations have introduced under SAMLA such as the Global Anti-Corruption Sanctions Regulations 2021 and the Counter-Terrorism (International Sanctions) (EU Exit) Regulations 2019.

The POCA regulatory framework in the UK is principally underpinned by the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (MLR 2017) as amended in 2019 (MLR 2019). The MLR 2017 impose certain requirements relating to customer due diligence, policies and procedures, controls and recordkeeping. This regulatory framework has been retained under SAMLA.

The MLR 2017 apply to regulated sectors; which are money service businesses, high value dealers, trust or company service providers, accountancy service providers, estate agency businesses, bill payment service providers, telecommunications, digital and IT payment service providers, art market participants and letting agency businesses, if they are not already supervised by the Financial Conduct Authority (FCA) or a professional body like the Law Society. All regulated sectors must comply with the MLR 2017. Failure to do so is a criminal offence.

As such, mining sector companies are not regulated by the MLR 2017. However, anti-money laundering (AML) requirements are largely applicable to mining business. Money laundering also represents several risks for companies such as BRN operating in non-financial sectors; including reputational damage, operational losses resulting from inadequate or failed internal processes, legal liabilities resulting in the failure to comply with applicable laws which could have a negative legal impact on BRN and financial losses due to any of these risks resulting in a negative financial impact for BRN.

3 WHO IS COVERED BY THE POLICY?

This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as **representatives** in this policy). The policy is designed to help all these individuals to understand where breaches of AML and ATF laws might arise, and to support them in making right decisions in line with BRN's corporate position as stated in this policy. Ignorance or misunderstanding of the rules is no excuse for violations.

4 WHAT IS MONEY LAUNDERING?

Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following constitute the act of Money Laundering (ML) under POCA:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK;
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (known as aiding and abetting);

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- Acquiring, using or possessing criminal property (known as the handling stolen goods offence); or
- Becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.

These are the primary money laundering offences and thus prohibited acts under the legislation. There are also three secondary offences: failure to disclose any of the primary offences, tipping off about the investigation of an offence, and prejudicing an investigation.

Money laundering is the process of channelling 'bad' money into 'good' money in order to hide the fact that the money originated from a criminal activity. Money laundering often occurs in three steps: first, cash is introduced into the financial system by some means ("placement"), the second involves a financial transaction in order to camouflage the illegal source ("layering"), and the final step entails acquiring wealth generated from the transactions of the illicit funds ("integration").

The terrorist financing offences under the Terrorism Act mirror, to a large extent, the money laundering offences under POCA. The Terrorist Financing (TF) offences are:

- Fund-raising, receiving or providing money or other property knowing or having reasonable cause to suspect that it will or may be used for the purpose of terrorism;
- Using or possessing money or other property knowing or having reasonable cause to suspect that it will or may be used for the purpose of terrorism;
- Entering into or becoming concerned in an arrangement as a result of which money or other property is made available to another while having reasonable cause to suspect it will or may be used for the purposes of terrorism;
- A separate terrorist money laundering offence is committed by a person who enters into or becomes concerned in an arrangement which facilitates the retention or control of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way. This offence is an alternative charge to a standard money laundering charge under POCA.

5 PROCEDURES

BRN will take steps to be aware of transactions with heightened money laundering or counter-terrorist financing risks. BRN's ML/TF risk assessment will be at counterparty level via due diligence procedures which will be supported by ongoing monitoring as well as alerts for Red Flags, mentioned below. With this objective, BRN will put in place and implement the following procedures:

5.1 Counterparty Due Diligence

Money-laundering offenders employ a range of techniques and mechanisms to obscure their ownership and control of illicitly obtained assets. Identifying the true beneficial owners or individuals exercising control represents the most significant challenge in avoiding and/or stopping money laundering and terrorist financing activities. Ultimate Beneficial Owners (UBO) are the natural persons who ultimately own or control a counterparty and/or the natural person on whose behalf a transaction is being conducted. Determining the UBO requires the discovery of the natural persons who ultimately control or benefit from the legal person or arrangement.

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In order to establish the UBO, BRN will conduct Counterparty Due Diligence (CDD) on the parties with which it will enter into business relationships. CDD includes procedures to identify and verify the ownership and control structures of non-natural persons. BRN will check if there are any discrepancies between UBO information obtained through due diligence checks and what is held on the Companies House register of the relevant jurisdiction. While the decision to conduct a CDD lies with the Compliance Officer, as a general rule, the threshold for a CDD before entering into a business relationship or carrying out a transaction is US\$ [15,000] (TBD).

The CDD procedure also serves as a counterparty risk assessment mechanism for BRN. It will be guided by the list of info and document items in the form in Schedule 1 for individuals and Schedule 2 for business entities.

Where deemed necessary during the CDD process, BRN will carry out Enhanced Due Diligence (EDD) which entails further examining the background and purpose of the transaction and increase the monitoring of the business relationship. BRN will apply EDD and enhanced ongoing monitoring in addition to the CDD measures, where:

- the case has been identified as one where there is a high risk of money laundering or terrorist financing in the information made available;
- the occasional transaction is established in a high-risk third country;
- the counterparty is a Politically Exposed Person (PEP),
- the counterparty is established in a high-risk third country;
- there is any other situation which is assessed as presenting a higher risk of money laundering or terrorist financing; or
- wherever the transaction:
 - is complex or unusually large
 - there is an unusual pattern of transactions, or
 - the transaction or transactions have no apparent economic or legal purpose.

The EDD will include:

- seeking additional independent, reliable sources to verify information provided or made available;
- taking additional measures to understand better the background, ownership and financial situation of the counterparty, and other parties to the transaction;
- taking further steps to be satisfied that the transaction is consistent with the purpose and intended nature of the business relationship; or
- increasing the monitoring of the business relationship, including greater scrutiny of transactions.

In this context, Politically Exposed Person (PEP) means an individual who is, or has been, entrusted with a prominent public function. Due to their position and influence, it is recognised that many PEPs can be potentially abused for the purpose of committing money laundering offences and related offences, including corruption and bribery as well as conducting activities related to terrorist financing. This definition includes a PEP's family members and close associates. BRN will obtain the required

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authorisation from relevant governmental authorities before entering into a transaction with any PEP. References for guidance on illegal organisations, high-risk countries and financial sanctions are given in Schedule 2.

5.2 Ongoing Monitoring

BRN will conduct ongoing monitoring of its business relationships by continuously scrutinising the transactions for inconsistencies with the knowledge of the counterparty. BRN will regularly undertake reviews of existing records and keep CDD documents, information and confirmation up to date. BRN will especially update the CDD information when it becomes aware of any changes to the counterparty's circumstances. Such changes include change of name, address, beneficial owner, nature of business or any other matter which may affect BRN's assessment of the money laundering or terrorist financing risk in relation to the counterparty.

5.3 Red Flags

While BRN continuously conducts due diligence on and ongoing monitoring of its business relationships, its representatives will be alerted to report the below listed suspicious activities or transactions to the Compliance Officer as Red Flags for possible ML/TF offence. It would constitute a "Red Flag" if a counterparty:

- is excessively obstructive, secretive or unwilling to meet BRN employee or representative,
- provides insufficient, false or suspicious information or is reluctant to provide complete information
- is receiving or sending funds through shell companies, via international transfers from or to high-risk locations or offshore accounts,
- use shell companies, nominees, trusts, family member or third-party accounts,
- provides false or counterfeited information especially regarding the identity of the UBO,
- is a business entity which cannot be found on the internet and/or uses an email address with an unusual domain or one more appropriate for an individual such as Hotmail, Gmail, Yahoo etc., especially if the counterparty is otherwise secretive or avoids direct contact,
- is or is related to or is a known associate of a person listed as being involved or suspected of involvement with terrorist or terrorist financing related activities,
- asks for short-cuts or unexplained speed in completing a transaction,
- appears uninterested in the outcome of the costs incurred e.g., fees, taxes, the loss incurred due to selling at a reduced price or at a discount,
- requests to inflate invoices,
- requires introduction to financial institutions to help secure banking facilities,
- is engaging BRN from another area or jurisdiction without an obvious reason for doing so,
- is a business that is not normally cash intensive but appears to have substantial amounts of cash,
- appears to be acting on somebody else's instructions without disclosing the identity of such person,
- has no address, or has multiple addresses without legitimate reasons; or sharing disconnected third parties' addresses,
- has funds which are disproportionate or inconsistent with their disclosed circumstances and financial position,

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- uses methods of payment which are not consistent with payment policies or which are not customarily used in the course of business, e.g. money orders, traveller’s cheques, payment from unrelated third parties,
- changes their means of payment for a transaction at the last minute and without plausible justification,
- requests for payments to be made in cash, or cryptocurrency,
- makes payments from countries which are unrelated to the transaction or otherwise not logical,
- makes overpayments followed by directions to refund a payment, especially if requested to send the repayment to a third party,
- insists, without reasonable explanation, that transactions be undertaken exclusively or mainly through the use of virtual assets for the purpose of preserving their anonymity,
- is involved in certain transactions, structures, geographic locations, international activities or other factors that are not consistent with BRN’s understanding of the counterparty’s business or economic situation,
- has customers/suppliers/third parties based in countries where production of drugs or drug trafficking is prevalent,
- is suddenly active after a previously dormant period without clear explanation,
- indicates a wish not to obtain necessary governmental approvals/filings.

This list of Red Flags is by no means exhaustive or fully comprehensive but provides the key factors that raise concern about suspicious activity. You should look out for any other deviations from normal customer practice and accepted business practice, and which as such require further investigation. BRN will refrain from executing any operation related to the Red Flag definitions above until further investigation has been completed and approval to proceed is given by BRN’s Legal Counsel.

6 REPRESENTATIVES’ RESPONSIBILITIES

BRN representatives must ensure that they read, understand and comply with this policy.

The prevention, detection and reporting of money laundering and terrorist financing are the responsibility of all those working for BRN or under BRN’s control. All BRN representatives are required to avoid any activity that might lead to, or suggest, a breach of this policy.

Any transaction, no matter how seemingly insignificant, that might give rise to a violation of this policy must be reported promptly to the Compliance Officer. Examples for such “Red Flags” are listed in the section above.

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with any representative if they breach this policy.

7 RECORDS

BRN will keep records of all the CDD and EDD documents and reviews. BRN will also keep information

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and sufficient supporting records in respect of any transaction which is the subject of any ongoing monitoring.

Record-keeping is an essential component of the audit trail required to assist in any investigation.

8 HOW TO RAISE A CONCERN

BRN representatives have a duty and are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. Any observed Red Flag or uncertainties as to whether a particular act constitutes AML/ATF should be raised with the Compliance Officer. All concerns will be reported by the Compliance Officer to BRN's Legal Counsel. The Legal Counsel has the discretion to report the concern in the form of a Suspicious Activity Report (SAR) to the National Crime Agency (NCA) following the procedure set out in POCA and MLR 2017. The transaction with which a concern is raised will be stopped until it is approved by the Legal Counsel.

Whenever a suspicious transaction or activity is communicated to BRN's Legal Counsel or the competent authorities for appropriate investigation, it is forbidden to disclose information about the issue to the individual or business entity, to whom the suspicion refers to, another person or organisation.

BRN will cooperate with the national and international AML/ATF authorities or their supporting bodies, facilitating at all times, in accordance with current applicable legal provisions in each jurisdiction, the documentation and information required by such authorities.

BRN will not criticise management for any loss of business resulting from compliance with this policy. No employee or contractor will suffer any detriment as a consequence of bringing a known or suspected breach of this policy, in good faith, to the attention of BRN's Board or senior managers, or for otherwise acting in compliance with this policy.

9 TRAINING AND COMMUNICATION

BRN employees shall receive compulsory training on this policy as part of their induction process. All existing and new employees will receive relevant training on how to implement and adhere to this policy.

BRN's zero-tolerance approach to AML/ATF will be communicated to all suppliers, contractors and business partners at the outset of the business relationship with them and as appropriate thereafter. This is included in all requests for quotation/proposals of work and in all contracts.

10 WHO IS RESPONSIBLE FOR THE POLICY?

The BRN Board of Directors has overall responsibility for ensuring this policy complies with BRN's legal and ethical obligations, and that all those under BRN control comply with it.

The Compliance Officer has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation.

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Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

11 MONITORING AND REVIEW

The BRN Board of Directors will periodically monitor the implementation and operation of this policy, considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to periodic audit to provide assurance that they are effective in AML and ATF.

All employees are responsible for the success of this policy and should ensure they use it to disclose any suspected risk or wrongdoing.

Employees are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Compliance Officer.

All BRN workers, employees and representatives will be expected to comply with this policy as currently in force and as may be amended from time to time. The updated version of the policy will be immediately made available on the BRN intranet.

12 CONTACTS

BRN Compliance Officer

Name and contact details

BRN Legal Counsel

Name and contact details

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**SCHEDULE 1
DUE DILIGENCE FORM - INDIVIDUALS**

Counterparty Profile		
Information required	Notes	Comments
Full name		
Any previous names (EDD) (if required)		
Profession		
Employer/business name		
Residential address		
Place and date of birth		
Explanations/evidence obtained of source of funds and/or source of wealth.		
Is the Person a Politically Exposed Person (“PEP”) (Consider EDD requirements)?		
Is the Person subject to financial sanctions/or connected with any proscribed terrorist organizations?		
Is the Person based in or associated to any high-risk jurisdictions?		
Nationality – does the Person have dual nationality? If so, please document and ensure copies of dual ID also obtained.		
What is the Person’s tax domicile status?		
Has the Person been met? If so, date of meeting		
Person approved for take on by [director]/[partner]		
Person has provided satisfactory CDD/EDD and cleared our background checks and screening.	Date:	Signature: (Compliance Officer)
Additional risk assessment/comments/details:		

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SCHEDULE 2
DUE DILIGENCE FORM – BUSINESS ENTITIES

Counterparty Profile		
Information required	Notes	Comments
Entity name		
Registered office address		
In what jurisdiction is the business registered?		
Names of shareholders/directors/partners/Members (be mindful of the need to look through to determine the ultimate beneficial owners).		
What are the activities of the entity? Is it investment holding or trading and if so, in what? Where does it carry out its business activities?		
Is it a regulated sector? If so, where?		
Names of shareholders /directors/partners/members (be mindful of the need to look through to determine the ultimate beneficial owners).		
Does this entity form part of a wider complex structure (either onshore or offshore or a group)?		
Are any of the shareholders/directors/partners or members Politically Exposed Persons (“PEP’s”)?		
Are the shareholders/directors/members or business subject to financial Sanctions/or connected with Proscribed Terrorist organizations?		
Is the entity, shareholders/directors/members based in a high-risk third country or trading with such countries?		
Have relevant individuals within the organization been met?		
Date of meeting and name and role of		

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individual met.		
Party approved for take on by [director]/[partner]		
Party has provided satisfactory CDD/EDD and cleared our background checks and screening.	Date:	Signature: Compliance Officer
Additional risk assessment/comments/details:		

PEP Guidance - <https://www.fca.org.uk/publication/finalised-guidance/fg17-06.pdf>

Financial Sanctions List - <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

High-risk Countries - <http://www.fatf-gafi.org/countries/#high-risk>

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