

## Risk Management Policy

Material Business Risks are the most significant areas of uncertainty or exposure for the company and include anything that could impact the achievement of the company's goals.

They represent opportunities for financial gain or loss.

The Company will establish and maintain an integrated system of risk oversight and management and internal control based on the risk management standard AS/NZ 4360:2004.

This integrated system will:

- Annually review and update the risk profile of the company in accordance with the risk profile procedure.
- Effectively monitor and manage the company's risks.
- Annually assess the effectiveness of control procedures through out the organisation.
- Inform investors through continuous disclosure of any material changes to the company's risk profile.

## Risk Management Framework

### Purpose

The company's risk management framework is designed to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals.

### Board's Role

The Board is responsible for reviewing and ratifying the system of risk management and internal compliance and control, codes of conduct and legal compliance.

In particular, this includes:

- Overseeing the establishment and implementation of the risk management system
- Reviewing the effectiveness of the company's risk management system

### Management's Role

The Board has delegated to the Managing Director the responsibility for the establishment, implementation and maintenance of the system of risk management including measures of its effectiveness.

## Audit Committee's Purpose

The Board has delegated to the audit committee a number of key tasks in relation to risk management. The committee's role in assisting the Board in satisfying its responsibilities is set out in the committee's charter.

The audit committee's purpose is to assist the board in the discharge of its responsibilities to stakeholders for corporate governance and overseeing the company's financial reporting, internal control system, risk management system and external audit function.

More specifically the audit committee's purpose is to:

- Oversee the company's internal control and risk management system
- Ensure the truthful and factual presentation of the company's financial position
- Ensure the independence and competence of the company's external auditor
- Ensure the company complies with all legal and regulatory requirements
- Ensure that the company is managing risk relating to corporate governance and that controls against conflicts of interest and fraud are in place

## Risk profile and internal compliance and control system

The main risks faced by the company are strategic, market, operational, legal and compliance risk.

Areas to be included are;

- Economic Risk
- Technological and Operational Risks
- Personnel Risks
- Commercial and Legal Risks
- Political Environment
- Management activities and Controls
- Other
- Strategic Risk

The company actively manages its legal and compliance risks to its business through a complete review prepared annually. The results of this review presented to the audit management committee for consideration and action as necessary.