

Corporate Governance Practices

Risk Management Policy

1. Introduction

The Company recognises that risk is inherent to its business and effective management of risk is essential for the achievement of the Company's objectives and to sustainable success.

Successful risk management can enhance opportunities, reduce threats and maximise competitive advantage.

The objective of the Company's risk management system is to provide a consistent process for the recognition and management of risks across its business. The success of the Company's risk management system lies in the responsibility placed on everyone at all levels to proactively identify, manage, review and report on risks relating to the objectives they are accountable for delivering.

2. Procedure

The Company applies a structured approach to identifying key areas of business risk which include strategic, health and safety, environment, human capital, finance, technology, reputation and brand, legal and compliance, and social and cultural.

At a strategic level, the Board undertakes periodic reviews of strategic and corporate risks facing the Company. The Board may use the services of external risk management consultants in these reviews. At an operational level, Senior Management conduct regular reviews of operational risks. These reviews may include participation by the Company's key service providers and external risk management consultants.

A risk register is developed from the risk reviews. The risk register includes details of the risks identified, qualitative risk assessment and the risk response plan. A consolidated report of key strategic, corporate and operational risks and the appropriate management strategies is prepared and presented to the Board.

The Company's risk profile may change over time. Part of the process of regular reviews of existing risks is to identify new and emerging risks.

Due to the size and nature of the Company, an internal audit function has not been established or internal audit review conducted.

3. Responsibilities

3.1 Board

The Board oversees the processes by which risks are managed. This will include the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business.

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The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and undertakes ongoing reviews of the risk management systems.

3.2 Managing Director and Chief Financial Officer

The Managing Director and Chief Financial Officer are required to state to the Board in writing that the declaration relating to the integrity of the Company's financial statements is founded on a sound system of risk management and that the system is operating in all material respects in relation to financial reporting risks.

3.3 Senior Management

Senior Management is responsible for the design and implementation of the risk management system to manage the Company's risks and report to the Board whether those risks are being effectively managed.

3.4 Employees

All Company personnel have responsibility to identify, analyse, manage and report risks.

4. Review

This Policy will be reviewed regularly and updated as required.

Updated on 30 June 2016.