



CORPORATE GOVERNANCE POLICIES

RISK MANAGEMENT AND INTERNAL COMPLIANCE AND CONTROL

The Board of Directors through delegated authority to the Audit Committee determines the Company's risk profile and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- establishing the Company's objectives, and implementing and monitoring strategies and policies to achieve those objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Company's objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

To this end, practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources.
- compliance with applicable laws and regulations.
- preparation of reliable published financial information.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to report back on the efficiency and effectiveness of risk management systems and controls.

The risk profile of the Company contains both financial and non-financial factors including material risks arising from mineral exploration activities, environmental management, mineral resource estimations, commodity price and foreign currency movements, operational efficiency, funding requirements and investments in new projects.

To mitigate these risks, the Company has in place a range of risk management policies and procedures including competent management in all disciplines, utilisation of specialist mining industry consultants, management information system, an active exploration programme, an experienced Board, regular Board meetings, annual financial audits and rigorous appraisal of new investments.

Management is responsible for the ongoing management of risk with standing instructions to appraise the Board of changing circumstances within the Company and within the domestic and international business environment.

Policy history

Established: July 2006

Last review: June 2010