



RISK MANAGEMENT POLICY

Introduction

Musgrave Minerals Limited (**Company**) recognises that taking and managing risk are central to business and building shareholder value. The Board acknowledges that sound risk management practices not only help to protect established value, but can further assist in identifying and capitalising on opportunities to create value.

The Company's Board of Directors recognises its responsibility for deciding the nature and extent of the risk it is prepared to take to meet its objectives (**risk appetite**). Whilst the Board determines the risk appetite and is responsible for overseeing and approving the risk management strategy and policies for internal compliance and control, the Board has delegated to the Audit Committee responsibility for oversight of the risk management system.

Role of the Audit Committee

The Audit Committee will review and submit particular matters to the Board for its approval or review. Amongst other things it will:

- (a) oversee the Company's risk management systems, practices and procedures to ensure effective risk identification, management and compliance with internal policies and external requirements;
- (b) monitor management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
- (c) review any material incident involving fraud or break-down of the Company's risk controls and mitigation measures that management has put in place to deal with those risks;
- (d) receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- (e) make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board; and
- (f) oversee the Company's insurance program having regard to the Company's business and the insurable risks associated with the business.



Role of the Board

The Board is at all times responsible for setting the Company's risk appetite, overseeing the risk management framework designed and implemented by the Audit Committee and satisfying itself that the risk management framework is sound. The Board acknowledges that it is ultimately responsible for the implementation of any policies, actions or decisions made by the Audit Committee.

The Board will review reports received from the Audit Committee on the Company's management of material business risks and satisfy itself that the risk management system is operating effectively in all material respects.

Responsibilities of Management

The responsibility for the day to day management of risk is delegated to Management. Management is required to assess risk management and associated internal compliance and control procedures and report back to the Audit Committee on a regular basis.

Risk Management Process

The Company's process of risk management and internal compliance and control includes:

- (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that may affect these risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

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

- (a) compliance with applicable laws and regulations;
- (b) preparation of reliable published financial information; and
- (c) implementation of risk mitigation and transfer strategies where appropriate (e.g. insurance).

Review

The Board will review the risk management framework at least annually to satisfy itself that it continues to be sound.

This policy will be reviewed annually.

Date	24 April 2012
Latest review date	26 June 2020