

TERRAMIN AUSTRALIA LIMITED

RISK MANAGEMENT POLICY

INTRODUCTION

This policy applies to Terramin Australia Limited and all of its subsidiaries (**Terramin**). It outlines the approach of Terramin to risk management.

Terramin is committed to managing risk, in a manner consistent with its values, so as to:

- protect people, communities and the environment and the Company's assets and reputation;
- ensure good governance and legal compliance; and
- enable it to realise opportunities and create long-term shareholder value.

Risk management is an integral part of all operational and corporate activities and Terramin is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is embedded in all activities, decision making and business processes.

SCOPE

Terramin's risk management is conducted through:

The Audit and Risk Committee reporting to the Board - serves as a main point for direction and communication on risk management. The Committee works with management to oversee and implement risk management throughout the Company.

A Risk Management Framework which provides a systematic, Company-wide approach to identifying, assessing, treating and reviewing risks at both corporate and operational level, including ongoing communication and monitoring. It is a dynamic process, which is applicable to any decision, function or activity within the Company.

RISK MANAGEMENT FRAMEWORK

Terramin manages risk in a manner consistent with AS/NZ 31000:2009 standard on risk management. The risk management framework which Terramin implements includes, in summary:

- identification of material risks and recording of these risks on a central risk register (and sub-registers), with a 'risk owner' (accountable manager) allocated to each risk;
- use of appropriate and relevant risk management techniques and methodologies to analyse and quantify risks (having regard to materiality, probability of occurrence and potential impact if they occur);
- determination of a mitigation and/or action plan for identified risks and for the plan to be implemented and maintained by risk owners;
- development and implementation of specific policies, processes and procedures where considered appropriate or necessary to address particular risks;
- communication and consultation, between the Board and management, and between management and the broader organisation, to develop an appropriate risk culture;



- regular assessment of risks by management (including with the assistance of external consultant if warranted) and reporting of results to the Board;
- regular reporting by management to the Board on the management of specific risks identified by the Board from time to time as of material interest and risk generally;
- regular review by management and the Board of risks, the risk register and the risk management framework; and
- allocation of necessary and appropriate resources in support of risk management.

The Board recognises that the risk management framework will evolve commensurate with the development of Terramin's activities.

In view of Terramin's current size and the nature of Terramin's operations, the Board considers that, from time to time, it may be necessary or appropriate to engage external advisors to perform the internal audit function at this stage. When Terramin's operations expand to construction and production within its project the board will reassess the need to review internal risk processes.

RESPONSIBILITIES

Board

The Board has overall responsibility for ensuring that Terramin has in place a sound system of risk management, and reviewing the effectiveness of the implementation of that system.

The Board regularly undertakes a structured consideration and review of the material risks faced by, and the risk attitude of the Company.

Audit & Risk Committee

Terramin has an Audit & Risk Committee which assists, and reports to, the Board in relation to risk management. The Committee's responsibilities include oversight of the risk management system (including overseeing risk policies) and assisting the Board to review the adequacy and effectiveness of that system.

Management

The Chief Executive Officer with the assistance of the Commercial and Financial manager and other management as required, is accountable to the Board for implementation of the risk management framework and the day-to-day management of risk within the risk attitude set by the Board and in doing so it must ensure that:

- the necessary resources are allocated for risk management;
- common systems and methodologies are used to identify, analyse and rank risks;
- controls are implemented and regularly reviewed; and
- risk management performance is monitored, reviewed and reported to enable compliance with legal, regulatory and corporate governance requirements.

Employees Responsibilities

- All employees are responsible for supporting and contributing to active management of risk. Each employee is accountable for recognising and responding to material business risks, and for implementing risk mitigation and/or action plans, associated with their role.

