

RISK MANAGEMENT COMMITTEE CHARTER

Introduction

The Board of Gascoyne Resources Ltd has resolved the Risk Management Committee shall be part of the entire Board.

This paper provides an outline of the Committee’s charter and deals with the Committee’s role and operation.

Purpose of the Risk Management Committee

The Committee’s purpose is to provide assistance to the Board in fulfilling its corporate governance and monitoring responsibility in relation to risk facing the Company and ensuring appropriate controls are in place to mitigate the risks.

Duties and Responsibilities

General

The Risk Management committee is a practical way for the directors to examine in greater detail the Gascoyne Resources Ltd’s exposure to risk, and the appropriate implementation of controls and mitigation strategies than is possible for the whole board. The Risk Management committee reports to the Board of Gascoyne Resources Ltd.

The role of the Risk Management committee includes:-

Policy and Procedures	<ul style="list-style-type: none"> <input type="checkbox"/> Formally define business risk areas affecting Company operations and determine acceptable levels of financial risk <input type="checkbox"/> Establish procedures to define and control the operations of a business area
Risk Identification and Controls	<ul style="list-style-type: none"> <input type="checkbox"/> Conduct a comprehensive review procedure to identify all current and potential risks <input type="checkbox"/> Rate the risks <input type="checkbox"/> Establish controls to mitigate risks <input type="checkbox"/> Ensure significant transactions are subject to independent assessment and review
Risk Management	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure Board delegations appropriately documented and circulated <input type="checkbox"/> Ensure management and reporting structures are clearly defined <input type="checkbox"/> Ensure staff are appropriately experienced and adequately trained for the complexity of the duties they carry out
Compliance	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure prior to directors approval of the financial statements declarations are provided by the CEO and CFO to the Board each reporting period as required by Section 295A of the Corporations Act and Corporate Governance Principles Recommendation 4.2.

Risk Identification and Controls

The Risk Management committee’s review of risks is in accordance with ISO 31000:2009 Risk Assessment Framework, and will focus on:-

Sources of Risk	Examples	Potential Controls
Natural Perils	Earthquake, bushfires and flood	Insurance; Evacuation Plans for property assets
Environmental	Noise, contamination, pollution	Regular Inspection; Expert Reviews
Occupational Health & Safety	Inadequate safety measures, poor management	Documented procedures; Employment letters
Public Liability	Public access, egress and safety	Insurance; OH&S policies
Human Perils	Error, omission, accident	Insurance; Procedures Manuals; Segregation of Duties
Technological	Obsolescence, advances and failure	Disaster Recovery Plans; MIS reviews
Economic Perils	Currency fluctuations, Interest rates, share-market	Board Limits; Involvement of consultants
Commercial and Legal Relationships	Liability and other contractual obligations	Contracts; Involvement of legal advisers; Insurance
Management Activities and Controls	Lack of policy, inadequate training procedures	Procedures Manuals; External audit commentary
Property Damage	Fire, water, contamination, human error	Insurance; Building Risk Management programs
Security	Treasury, theft, fraud	Insurance; Authorisation controls

Classifications of Risk - ISO 31000:2009 Risk Assessment Framework

Other Responsibilities and Duties

In addition to the role of identifying risks and controls outlined above, the responsibilities of the Risk Management committee shall include:

- Communicating the importance of Risk Management to employees;
- reviewing the maintenance of the Risk management system, inquiring as to the adequacy of controls, improving systems;
- reviewing the Company’s Risk Manuals;
- appointment of experts to assist in the Risk Management process.

Reporting

The Risk Management committee shall report to the Board at least annually. This report should contain all matters relevant to the committee’s role and responsibilities, including the results of its review of risk management, internal compliance and control systems.

Membership

The Board has decided the Risk Management committee shall comprise the entire Board.

- a quorum shall be two (2) Committee members
- the chief financial officer, or his or her representative, may be asked to attend meetings by invitation as required by the committee; and



Authority and Access

The committee has the authority of the Board to review any aspect/function/activity of the economic entity comprising Gascoyne Resources Ltd and any of its controlled entities and associated companies and other investments.

The Committee is empowered to retain persons having particular skills and expertise to assist in fulfilling its responsibilities.

Meetings

The Risk Management committee shall meet as often as is required to reasonably discharge its responsibilities.

Meetings shall be convened by the chairman of the Committee. For each meeting an agenda will be prepared and circulated to members and other directors prior to the meeting.

Any Committee member may request any item to be included on the agenda.

Any member of the Committee may request the Chairman to convene a meeting.

The meetings and proceedings of the Risk Management Committee shall be governed by the provisions of the Company's Constitution.

Decisions will be determined by a majority vote, but the Chairperson will report the fact of any dissenting vote to the Board when reporting the decision to the Board.

The Chairperson will not have a casting vote.

Minutes of each meeting shall be prepared by the chairman or a nominated attendee and circulated to each committee member and director.

Self Assessment

The Committee shall assess its effectiveness periodically, with a view to ensuring that its performance accords with best practice. The Committee's Charter shall be reviewed annually and updated as required.