



**CORPORATE GOVERNANCE POLICY AND PROCEDURES MANUAL
 RISK MANAGEMENT COMMITTEE CHARTER**

There is no separate Risk Management Committee.

Due to the small size and structure of the Board, a separate Risk Management is not considered to add any efficiency to the process.

The Board considers that it is more appropriate to set aside time at Board meetings to specifically address matters that would ordinarily fall to the Risk Management Committee.

When considering these matters, the Board functions in accordance with this Risk Management Committee Charter.

Introduction

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 Company has developed a risk management policy which sets out a framework for a system of risk management and internal compliance and control. The policy enables the Company board to identify, assess, monitor and manage risk.

Duties and Responsibilities

General

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"/> Certify to the Board on a regular basis that all business operations comply with determined policies and procedures



Risk Identification and Controls

The Risk Management Committee's review of risks will be in accordance with AS/NZS: 4360: Risk Management, 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

C5 Classifications of Risk - AS/NZS 4360

In addition, the following areas of risk will be reviewed by the Committee:

- (a) **accounts** - ensure compliance with the requirements to prepare, dispatch and file annual accounts as laid down by the Corporations Act 2001 (Cth), Listing Rules as applicable, and the Australian Accounting Standards;
- (b) **care and diligence and honestly without conflict** - ensure that the Board can be seen to be acting in a manner that is in the best interests of the Company and its shareholders. Ensure the Company is operated in a safe and sound manner in conformity with all applicable regulatory requirements;
- (c) **Company illegally financing share acquisitions in its own shares** - the Corporations Act prohibits companies from providing financial assistance to its Directors, officers or shareholders to enable them to purchase shares in their own companies;
- (d) **insider trading** - the law imposes a number of significant restrictions on directors and employees when they deal in their own company's shares. As fiduciaries they must not use their position for their own gain or for the gain of any person other than the corporation;
- (e) **insolvent trading** - serious consequences flow if the Company trades while insolvent, including personal liability against Directors, uncommercial contracts and employee entitlements. The directors must not permit the Company to trade whilst insolvent;



- (f) **offering securities** - there are positive obligations on directors and officers to ensure that offer documents and statements made in connection with the sale of securities are not false or misleading and do not contain material omissions;
- (g) **reasonable expectation of stakeholders** - the Company will review the material business risks associated with the reasonable expectations of stakeholders (in addition to stakeholder's strict legal rights);
- (h) **related party transactions** - the Corporations Act contains strict limitations on the giving of financial benefits by public companies to related parties and their directors. Contraventions of these provisions can attract a civil penalty; and
- (i) **takeovers** - the directors are bound by fiduciary duties to the Company and are bound to make full disclosure of relevant facts to all shareholders without regard to any element of favouritism in support of the interests of any party.

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.

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 Articles regulating meetings and proceedings of directors, so far as these provisions are applicable.



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.