

## **HILL END GOLD LIMITED**

### **Risk Management Policy**

#### Overview

In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. This Policy sets out the Company's approach to risk.

#### **1. Role of the Board and Delegated Responsibility**

The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management, as required.

#### **2. Role of the Managing Director and Accountabilities**

The Managing Director has day to day responsibility for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible updating the Company's material business Risks to reflect any material changes, with approval of the Board.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management on a regular basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

#### **3. Authority of the Managing Director**

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

#### **4. Risk Profile**

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The risk profile of the Company can be categorised as follows:

##### **Protection Of Assets**

- 1 Theft of cash
- 2 Theft of gold
- 3 Theft of assets/ primarily computer and hard ware
- 4 Loss of business data
- 5 Loss of key staff

##### **Financial Reporting**

- 6 Material misstatement in Financial Statements
- 7 Reporting of Financial Information
- 8 Application of Accounting Standards
- 9 Financial Management
- 10 Internal control systems

- 11 Business policies and practices
- 12 Compliance with government laws and regulations
- 13 Continuous Disclosure Obligations

#### **Operational Risks**

- 14 Commodity Prices
- 15 Fluctuations in Exchange Rates
- 16 Depletion of Reserves
- 17 Fluctuations in demand volumes
- 18 Political stability/ sovereign risk in some operating environments
- 19 The occurrence of force majeure events by significant suppliers
- 20 Increased cost of operations, including labour costs
- 21 Changed operating market conditions or regulatory environments as a result of climate change
- 22 Material misstatement in geological data
- 23 Performance and funding of exploration activities
- 24 Budget control and asset protection
- 25 Status of mineral licences and land holding.
- 26 Land access and native title considerations
- 27 Occupational health, safety and environment

#### **5. Additional Policies and Practices**

The Company maintains a number of policies and practices designed to manage specific business risks. These include:

- *Audit Committee Charter*

The *Audit Committee Charter* sets out the role of the Audit Committee which includes, among other things, monitoring and reviewing the integrity of the financial reporting of the Company and any significant financial reporting judgements; and reviewing the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems.

- Insurance Program

- Regular budgeting and financial reporting

The Company has regular budgeting in place. It is the role of the Audit Committee to review the integrity of the financial reporting of the Company.

- Clear limits and authorities for expenditure levels

The Company's *Board Charter* sets out Materiality Thresholds. These include quantitative and qualitative thresholds as well as triggers for the materiality of contracts.

- Procedures for compliance with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act

The Company's *Compliance Procedures* have been designed for the purpose of ensuring the Company complies with its continuous disclosure obligations.

- Procedures to assist with establishing and administering corporate governance systems and disclosure requirements

The Company has adopted a Corporate Governance Manual which contains policies and procedures to assist the Company establish and maintain its governance practices.

## **6. Responsibility to Stakeholders**

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's Risk Profile.

## **7. Continuous Improvement**

The Company's risk management system is evolving. It is an on-going process and it is recognised that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities.