

## RISK MANAGEMENT POLICY

### Overview

Recommendation 7.1 says companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Risk management is the culture, processes and structure that are directed to towards taking advantage of potential opportunities while managing potential adverse affects. Risk management can enhance the environment for identifying and capitalising on opportunities to create value and protect established value.

This document provides a summary of the QMASTOR risk management strategy. The risk management policy guides the Audit and Risk Committee and Board in their identification, assessment, monitoring and management of business, market, operational, financial and reputational risk.

Policy	
<b>1. Purpose</b>	<p>The purpose of this policy is to ensure that:</p> <ul style="list-style-type: none"> <li>• Appropriate systems are in place to identify, to the extent that is reasonably practical, all material risks that the Company faces in conducting its business;</li> <li>• The financial impact of those risks is understood, and appropriate controls are in place to limit exposures to them;</li> <li>• Appropriate responsibilities are delegated to control the risks; and</li> <li>• Any material changes to the Company’s risk profile are disclosed in accordance with the Company’s Continuous Disclosure Policy.</li> </ul>
<b>2. Risk Management Controls</b>	<p>The Company is committed to the identification; monitoring and management of material business risks associated with its business activities and has embedded, in its management and reporting systems, a number of overarching risk management controls.</p> <p>The risk management controls adopted by the Company include:</p> <ul style="list-style-type: none"> <li>• Guidelines and limits for approval of capital expenditure and investments;</li> <li>• A monthly compliance programme covering safety, the environment, legal liability, risk identification, quantification and reporting, and financial controls;</li> <li>• Policies and procedures for the management of financial risk and treasury operations, including exposures to foreign currencies;</li> <li>• A formal dynamic planning process of preparing five year strategic plans each year;</li> <li>• Quarterly review of performance against strategic plan and other strategic matters;</li> <li>• Annual budgeting and monthly reporting systems, which enable the monitoring of progress against performance targets and the evaluation of trends;</li> <li>• Appropriate due diligence procedures for acquisitions and divestments; and</li> <li>• Development of crisis management systems where appropriate.</li> </ul>

<b>3. Board Responsibilities</b>	The Board has delegated this activity to the Audit and Risk Committee, and these accountabilities are identified in the Charter of that Committee. The Audit and Risk Committee is required to keep the Board informed on the Company’s compliance with the Risk Management Policy.
<b>4. Management Responsibilities</b>	<p>Responsibility resides with the respective senior managers for ensuring that risk management is addressed at all levels within their roles including:</p> <ul style="list-style-type: none"> <li>• Ensuring the design, resource, operation and monitoring of internal control systems;</li> <li>• Assigning accountability for managing risks and controls within agreed boundaries and comply with Company standards relating to particular types of risks;</li> <li>• Providing a system of ongoing risk treatment and review that is capable of responding promptly to new and evolving risks;</li> <li>• Identifying and reporting on the results of assessments, regarding the effectiveness of risk treatments to the Audit and Risk Committee as part of budget planning, reporting and assurance processes;</li> <li>• The development and maintenance of strategic plans that integrate risk management principles with strategic planning processes and management activities; and</li> <li>• The development and maintenance of business continuity management plans.</li> </ul>
<b>5. Employee Responsibilities</b>	<p>Employees are responsible for applying risk management principles and practices in their work environment. Employees in supervisory and managerial positions are responsible for ensuring that risk management principles and practices are applied by those under their supervision.</p> <p>Employees are:</p> <ul style="list-style-type: none"> <li>• To participate in risk management education and training activities relevant to their level of responsibility; and</li> <li>• To contribute to the continued improvement of the Company’s risk management capabilities by reporting through management any incidents that may result in unacceptable levels of risk or non-compliance with established procedures for measuring and reporting risks.</li> </ul>
<b>6. Financial Statements</b>	<p>When the Company’s annual financial statements are being considered by the Audit &amp; Risk Committee and the Board, the Managing Director and Finance Manager are required to advise the Board in writing that:</p> <ul style="list-style-type: none"> <li>• The company’s financial report presents a true and fair view of the company’s financial condition and operating results and is in accordance with applicable accounting standards;</li> <li>• The company’s financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations act 2001.</li> <li>• The financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and</li> <li>• The Company’s risk management and internal compliance and control system which underpin the integrity of the Company’s financial reporting is operating effectively in all material respects.</li> </ul>
<b>7. Review</b>	This policy is reviewed by the Audit and Risk Committee annually.