

**GENERAL MINING CORPORATION LIMITED**  
**ACN 125 721 075**

**RISK MANAGEMENT GUIDELINES AND POLICY**

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**1 INTRODUCTION – “RECOGNISE AND MANAGE RISK”**

These guidelines are to assist General Mining Corporation Limited (“**the Company**”) to establish a sound system of risk oversight and management and internal control<sup>1</sup>. The system should be designed to:

- (a) identify, assess, monitor and manage risk; and
- (b) inform investors of material changes to the Company’s risk profile.

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**2 RISK MANAGEMENT POLICY**

A Risk Management Committee is an integral part of the Company’s structure. The Committee ensures that the Board, directors and the management are aware of all actual and potential risks facing the business and that a system to identify, monitor and assess risk is implemented and effective.

In the event that a separate Risk Management Committee is not established, the full Board will fulfil that role in accordance with this policy.

**2.1 Role and responsibilities of the Committee**

The Committee is responsible for identifying the risks that face the Company as an organisation. These will include both internal and external risks.

The Board is responsible for establishing the Committee and implementing the risk management system.

The Board will be responsible for overseeing the activities of the Committee. At least annually, the Board must also review the effectiveness of the implementation of the risk management system.

**2.2 Risk profile**

The Committee and the Board have reviewed all internal and external and financial and non-financial risks that face the Company.

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<sup>1</sup> ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 7.1.

## 2.3 Risk management

The key function of the Committee is to identify and more importantly prioritise risk arising from business strategies and activities. Risk must be identified to allow the Company to plan, assess and execute its strategies. Once risk has been identified and assessed, the management and the Board will have the capacity to determine the level of risk that is acceptable to the Company. This assessment will also allow for the acceptance of risk designed to accomplish the Company's strategic plans.

Risk monitoring and assessment activities are designed to reduce, or otherwise manage, risk to levels that are acceptable to the management and the Board. Without these controls, decisions regarding the business and its strategies will not be made on a fully informed basis and the Company will not realise the maximum potential from its business.

A fundamental component of risk management is the development of ongoing monitoring which effectively re-assesses risk and the effectiveness of controls to manage risk. These monitoring activities must be conducted on a regular basis to ensure that the controls in place are functioning properly.

It is critical that the Committee provide periodic reports of the results of the risk management process to the Board and management. The Board and management must be kept fully informed in relation to all risk to ensure that the correct decisions in the best interests of the Company are made, and that its strategic plans are realised.

In particular the Committee will:

- (a) research and review reference materials and background information relating to risk management in the Company's industry as a basis to assess whether or not the process used by the Company is appropriate and represents the best practices for the industry;
- (b) research and review current developments, trends, industry information related to the business conducted by the Company and other sources of information to determine risk and exposure that may affect the Company;
- (c) review corporate policies, the Board and Audit Committee members' meeting minutes to determine the Company's business strategies, risk management philosophy and methodology, appetite for risk and acceptance of risks;
- (d) review previous risk evaluation reports by management, internal and external auditors;
- (e) conduct interviews with management staff to determine company objectives, and related risks and risk litigation and monitoring activities;
- (f) compile information to evaluate the effectiveness of risk litigation monitoring and communication of risks;
- (g) review the adequacy and timeliness of recording of risk management results;

- (h) review the completeness of management's risk analysis and actions taken to remedy issues raised by the risk management process;
- (i) determine the effectiveness of management self-assessment processes;
- (j) review risk related issues that may indicate weakness in risk management practices; and
- (k) formulate a formal Board risk management policy for future use in assessing, monitoring and responding to risk.

## **2.4 Compliance and control**

The Committee is responsible for establishing and implementing a system for identifying, assessing, monitoring and managing material risk throughout the Company. The system will include the Company's internal compliance and control systems.

## **2.5 Risk Management Committee**

The identification and proper management of risk within the Company is an important priority for the Board and management.

The Risk Management Committee monitors the Company's exposure to risks and implements and oversees the risk management policy. The principal objectives of the Committee are to ensure there is a clear understanding across the Company of all relevant obligations, to monitor compliance and, where issues are identified, to take prompt action to ensure compliance.

The Committee is responsible for approving the Company's overall risk management framework. The Committee monitors risk within the Company to ensure high standards of operational quality and compliance with the Company's approved strategies, policies and procedures. It ensures the Board is aware of any material risk issues and assesses the viability of the Company's operations.

## **2.6 Risk management statement**

The integrity of the Company's financial reporting relies upon a sound system of risk management and control. Accordingly, the chief executive officer and chief financial officer, to ensure management accountability, are required to provide a statement to the effect that the financial reports of the Company are based upon a sound risk management policy<sup>2</sup>.

## **2.7 Business risks**

The Committee has implemented a system that identifies and manages areas of significant business risk. It receives regular reports from the Company's business divisions which outline areas of significant business risk and the management of those risks.

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<sup>2</sup> ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, Recommendation 7.1

The Board receives specific reports from the Committee on all areas of major operational and business risk.

## **2.8 Internal control and risk management**

The Committee has overall responsibility for the Company's internal control environment, and ensures that the Company has an integrated framework of control, based on formal procedures and appropriate delegation of authority and responsibility.

There is a disciplined approach to identification and management of risk.