



TOPTUNG LIMITED

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9. RISK MANAGEMENT POLICY

1. OBJECTIVE

TopTung Limited ('TopTung' or 'the Company') and its subsidiaries recognises that the identification and effective management of risk, including prudent, informed risk taking, is an essential part of the Company's aim of creating long-term shareholder value.

The objective of this Policy is to integrate risk management into the Company's strategy and operations. This Policy forms part of the Company's risk management framework and supporting documents and will be reviewed annually by the Board to ensure it is effective in ensuring an appropriate standard for risk management across the Company's operations.

2. PRINCIPLES

The Company aims to achieve the objectives by:

- the Board defining a risk tolerance which is consistent with the Company's strategy.
 - implementing a structured and comprehensive risk management system which establishes common risk management understanding, language and methodology.
 - ensuring value is created for shareholders through prudent, informed risk taking.
 - identifying, assessing, monitoring and reporting risks to management and the Board
 - identifying and implementing controls to either eliminate, reduce or manage risk, as is reasonably practicable.
 - developing and annually reviewing the risk framework with the Audit & Risk Management Committee or the Board (reviewed at least annually in compliance with ASX Corporate Governance Principle 7.2).
 - reviewing and evaluating the significant strategic risks for the Company on a regular basis at Board Meetings.
 - embedding risk management into the Company's critical business activities and processes;
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- ensuring that the risk management framework considers the Company's occupational health and safety, environmental, legal/compliance, community and cultural and reputational exposures.
- maintains an appropriate internal control framework over financial accounting and reporting
- disclosure to shareholders of all material risk exposures to economic, environmental and social sustainability matters and how these are managed or how these are intended to be managed (ASX Corporate Governance Principle 7.4)

3. IDENTIFICATION OF RISK

The Board is responsible for the oversight of the TopTung Limited and its subsidiaries ("the Company") risk management and control framework. Responsibility for mitigation control and risk management is delegated to the appropriate level of management within the Company with the Executive Chairman or Managing Director having ultimate responsibility to the Board for the risk management and control framework. The primary objectives of the risk management system at the Company are to ensure:

- (a) all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- (b) business decisions throughout the Company appropriately balance the risk and reward trade off;
- (c) regulatory compliance and integrity in reporting is achieved; and
- (d) senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives the Company's risk management system covers:

- (a) Operational risk (including OH&S, environmental and community engagement);
- (b) Financial risk and reporting;
- (c) Compliance / regulatory risk; and
- (d) System/IT process risk

Arrangements put in place by the Board to monitor risk management include:

- (a) regular reporting to the Board in respect of operations and the financial position of the Company;
 - (b) regular review by the Board of the Strategic Risk register including any changes to the risk profile, amendments for new and emerging risks and the status of any risk mitigation plans;
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- (c) reports regarding the investigation into any significant risk events and the actions arising from the determination of the root cause; and
- (d) consideration of any audit reports relating to the underlying control environment in place within the Company.

4. INTEGRITY OF FINANCIAL REPORTING

The Company's Executive Chairman or Managing Director and Chief Financial Officer or Senior Finance executive to report in writing (including the requirements of Section 295A of the Corporation Act) to the Board that:

- (a) the financial records of the Company have been properly maintained;
- (b) the financial statements of the Company and its controlled entities (where appropriate) for each half and full year present a true and fair view, in all material aspects, of the Company's financial position and performance and are in accordance with accounting standards;
- (c) the above statement is founded on a sound system of risk management and internal control which implements the policies adopted by the Board; and
- (d) the Company's risk management and internal control framework is operating efficiently and effectively in all material respects.

5. ROLE OF AUDITOR

The Company's will ensure that the auditor is available to attend the annual general meeting in person or by telephone and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

6. REVIEW OF RISK MANAGEMENT POLICY

Given the speculative nature of the Company's business of mineral exploration, it is subject to general risks and certain specific risks. The analysis and evaluation criteria are used to continually assess the impact of risks upon the Company's objectives. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Any business planning process includes careful consideration of internal and external risk profile of the company. Managers will report regularly to the Board on the areas they are responsible for, including key business risks. The Company's risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will allow management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

7. RESPONSIBILITIES

7.1 Executive Chairman or Managing Director

The Executive Chairman or Managing Director is accountable to the Board, for ensuring that the risk management system is implemented and maintained in accordance with the Risk Management Policy. Assignment of responsibilities in relation to risk management is the prerogative of the Board.

7.2 Senior Executives

Senior Executives are accountable for strategic and operational risk management within areas under their control including the dissemination of the risk management process to operational managers. Collectively the Senior Executive is responsible for:

- (a) The formal identification and identifying in the form of registers of strategic and operational risks that impact upon the Company;
- (b) Allocation of priorities and development of plans for mitigating any unacceptable risks;
- (c) Allocation of responsibility for monitoring mitigating controls that have been put in place;
- (d) The Senior Executives review progress against agreed risk management plans and report to the Board.

7.3 Employees

Every employee of TopTung is responsible for managing risks on a day to day basis by adhering to the Company's risk management policies and internal control systems and by reporting identified risks to their appropriate line manager immediately.

8. REVIEW

This Policy will be formally reviewed by the Board each year.

Approved by the Board

29 June 2015
