

## **Risk Management Policy**

### **1 Introduction**

AuKing Mining Limited (**AKN**) recognises the importance of managing risk and controlling its business activities in a manner which enables it to maximise profitable opportunities, avoid or reduce risks which may cause injury or loss, ensures compliance with applicable laws and regulations, and enhances resilience to external events.

Risk management is the process of continuously identifying, evaluating, treating and monitoring exposures.

Risks may be controlled through the introduction of policies, procedures or altered work practices however the most effective long-term method is through the creation of a risk aware culture.

### **2 Risk Management Strategy**

To assist management in performing its oversight role in this area, information regarding the status of a range of risks is regularly reviewed by management. Appropriate policies, procedures, work practices and reporting measures are implemented to manage material risks.

The Board will receive regular updates from management and where relevant, external parties, on material risks faced by the Company and the management of those risks.

### **3 Responsibilities for Risk Management**

It is the duty and responsibility of every staff member to monitor and manage risks within their area. Employees who knowingly and recklessly operate outside the risk management policy will be subject to disciplinary action.

Compliance Officers facilitate the identification and monitoring of risks, assist management to establish sound risk management policies and provides feedback to management on the effectiveness of existing practices and make recommendations for improvement.

External and internal audits may review the effectiveness of existing risk management practices from time to time and recommend improvements when necessary.

Management have primary responsibility for risk identification. Each Manager ensures that they have sufficient processes in place in their business unit to ensure that risks identified by staff are escalated to the Manager as required. Management are responsible for identifying, evaluating and managing risks and reporting to the Board on material risks.

### **4 Types of Risks**

The Company has established a detailed risk register which identifies the material risks facing the business, provides a risk rating, the controls that are in place to manage the risk and the person(s) responsible for implementing and reviewing those controls. Compliance Officers meets with management on a regular basis to discuss whether changes need to be made to the risk profile and whether new risks have been identified.

If an extreme risk is identified, it will promptly be referred to the Managing Director for consideration. Where considered necessary, the Chairman will convene a meeting of the Board to collectively consider how the risk will be managed.

## **5 Regular Reviews and Board Commitment**

The Company's Risk Management Policy and underlying procedures and practices will be reviewed annually by the Board to ensure their continued application and relevance. Compliance Officers also meets with management to review the implementation and effectiveness of this policy on a regular basis.

AKN is committed to effective risk management and recognises it as a core managerial capability.

*All queries regarding issues raised in this policy should be directed to the Company Secretary*

***This policy was approved by the Board in November 2014.***