



**Aurox Resources Ltd**

**Risk Management Policy**

## **RISK MANAGEMENT POLICY**

### **1. Introduction**

- 1.1 As a Company focused on the exploration for minerals and development of mining projects Aurox Resources (“Aurox” and the “Company”), risk is an intrinsic aspect of the business activity of Aurox and risk management is a key element for success.
- 1.2 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 risk management system and processes, and the Company's risk profile.
- 1.3 The Managing Director and Company Secretary have the overall responsibility for communication with shareholders.

### **2. Policy Objectives**

- 2.1 To ensure that Aurox has in place a culture and practices to encourage the identification, assessment and management of risks that may affect the Company's ability to achieve its business objectives;
- 2.2 To support the Company's compliance with all relevant laws, regulations and contractual obligations, and that appropriate recognition is given to the Company's social and community obligations;
- 2.3 To ensure the development and maintenance of a structured and effective approach to risk management;
- 2.4 To ensure that the risk management programme has appropriate regard for the Company's business environment and assessed tolerance for risk;
- 2.5 To ensure the effective monitoring and regular reporting of risk is conducted under the risk management programme.

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

- 3.1 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.
- 3.2 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.

### **4. Role of the Managing Director, Accountabilities & Authority**

- 4.1 The Managing Director has responsibility for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company listed in this Policy are updated to reflect any material change.
- 4.2 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.

4.3 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 approval of the Board.

## **5. Risk Profile**

5.1 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:

- Speculative nature of exploration activities;
- Project development and execution;
- Relative size of organization and dependence on key personnel;
- Changes in economic cycle and demand for commodities;
- Exposure to financial risk arising from movement in commodity, foreign exchange and interest rates;
- Capital intensive nature of mining and mineral processing activities and access to debt and equity markets;
- Technical risk and technological change;
- Human capital;
- Environmental and sustainability;
- Occupational health and safety;
- Reputational;
- Financial reporting, legal and compliance.

## **6. Additional Policies and Practices**

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

- The Company has established processes in place for commitment reporting, cost control and cashflow forecasting and reporting. Board reports include detailed cashflow forecasts and monthly financial and cost reports.
- The Company's has established procedures and approval limits for commitment of expenditure and purchase order control.
- A comprehensive annual insurance programme is undertaken.
- Data management and disaster recovery procedures are in place to protect and preserve the integrity of information systems.
- Internal controls exist to safeguard Company assets and ensure the integrity of business processes and reporting systems.
- Employment policies exist to ensure that appropriately qualified and experienced personnel are employed and that appropriate training is provided to support an ongoing commitment to the environment and occupational health and safety.
- The Company has adopted a corporate governance regime, including policies for securities trading, continuous disclosure and shareholder communication to support compliance and

best practice with its obligations as a public listed entity.

**7. Responsibility to Stakeholders**

7.1 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.

**8. Continuous Improvement**

8.1 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.