



**MBK**

METALBANKLIMITED

# **RISK MANAGEMENT POLICY**

## **Metal Bank Limited – Risk Management Policy**

### **1. BACKGROUND**

Principle 7 of the ASX Corporate Governance Council *Corporate Governance Principles and Recommendations (Principles)* provides as follows:

*A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework*

This policy has been developed to document the policy and processes adopted by the board of the Company to ensure compliance with the Principles and to recognise and manage the risks faced by the Company.

The board of the Company is committed to the effective identification and management of the risks which affect its operations and business.

### **2. MATERIAL BUSINESS RISKS**

Risks relate to future events or situations that provide opportunities to create an exposure for the Company.

Risks are not absolute but represent a degree of probability or chance that they may or may not occur. While all risks need to be understood and managed, this policy focuses specifically on risks that may have a material impact on the Company (material business risk). In other words, risks that could have an adverse impact on shareholder value and the legitimate interests of other stakeholders.

Material business risks should not be seen purely from the financial perspective. Material business risks may also have significant human, reputational as well as financial impact.

Under Recommendation 7.4 of the Principles:

*A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

In this context, “material exposure” means a real possibility that the risk in question could substantively impact the listed entity’s ability to create or preserve value for security holders over the short, medium or long term. In particular:

- economic sustainability means the ability of a listed entity to continue operating at a particular level of economic production over the long term;
- environmental sustainability means the ability of a listed entity to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term; and
- social sustainability means the ability of a listed entity to continue operating in a manner that meets accepted social norms and needs over the long term.

### **3. RISK MANAGEMENT POLICY**

#### **Purpose**

This policy has been developed to document the policy and processes adopted by Metal Bank to recognise and manage the risks faced by the Company to enable it to operate its business in such a way as to minimise the risk of causing harm to its staff and other stakeholders and to mitigate economic, environmental and social sustainability impacts. Metal Bank will use this policy as a basis to inform all stakeholders of its performance in managing its identified material business risks.

#### **Scope**

The policy addresses all exploration, operational and corporate activities carried out by Metal Bank and its subsidiary companies. This policy applies to all directors, employees, contractors and consultants of the Company.

#### **Policy**

The key elements of Metal Bank's risk management policy are:

- Metal Bank will incorporate risk management into its decision making and business planning processes so that risks are identified, analysed, ranked and appropriate risk controls and risk management plans are put into place to manage and reduce the identified risks, with all identified risks entered into a Risk Register.
- All of Metal Bank's operational tasks are subject to formal risk assessment before a new task is undertaken, a new investment is made or a new work location is opened.
- The risk identification and management system, including the Risk Register, will be reviewed annually by senior management and policies and practices upgraded where issues are identified that require attention. Reviews of specific items will be undertaken where issues are identified and immediate action is required.
- Risk will be a standing item on the agenda of board meetings, for reporting against material business risks.
- Metal Bank will ensure that all staff are properly trained in assessing and mitigating risks.

#### **Procedures**

##### ***Risk Strategy and Risk Tolerance***

Metal Bank's business is the exploration for minerals in Australia and elsewhere and the Company recognises that there are inherent risks associated with its activities and failure to make significant progress in discovering new mineral deposits. Metal Bank will apply resources to ensure that an adequate number of suitably qualified staff are employed, technical skills are developed, appropriate equipment is provided and that appropriate exploration procedures are carried out to enhance the potential for making discoveries and to ensure compliance with its legal and other obligations.

To support its operations Metal Bank recognises that there are several areas where potential material business risks could arise and accordingly strong risk management processes have been and will continue to be put in place.

### ***Risk Management Requirements***

Risk management is a focus in all of Metal Bank's activities and risks will be identified and assessed and appropriate mitigation strategies will be put in place. The Risk Register and Risk Management Plans and controls will be reviewed at regular intervals and modified to take into account changes in the risks or better information as it comes to hand.

### ***Assurance***

Metal Bank will review the effectiveness of its risk management processes annually and if deemed necessary will engage an external reviewer to facilitate that review.

External audit will provide an opinion on the accuracy and fairness of the Company's annual financial statements. In doing so, they will independently assess the management of significant risks and key internal control systems over financial reports.

### **Review**

Metal Bank's risk policy and risk register will be reviewed by the Board of Directors annually to coincide with the preparation and lodgement of the Company's Annual Accounts.

## **4. RISK MANAGEMENT ROLES AND RESPONSIBILITIES**

The list below identifies accountabilities and responsibilities for managing risks in Metal Bank:

### ***Board of Directors***

- Champion Metal Bank's governance and risk management processes;
- Determine Metal Bank's risk tolerance;
- Oversee the risk management framework and ensure it is implemented and adopted;
- Review and approve Metal Bank's list of material business risks (risk profile) and risk management controls and plans and monitor the implementation of the risk management program against the endorsed implementation strategy;
- Confirm that Metal Bank's risk management process is continually maturing to reflect the changing environment and allows Metal Bank to identify and respond to emerging issues and risks;
- Receive reports from management on material business risks; and
- Publicly report and make necessary disclosures relating to risk as required by Principle 7.

### ***Executive Directors and Senior Management***

- Develop Metal Bank's strategic risk profile by identifying and prioritising material business risks;
- Review Metal Bank's risk profile periodically;
- Review and assess the current and planned approach to managing material business risks;
- Review and monitor the status of risk treatment/mitigation strategies;
- Periodically report on material business risks to the Board; and
- Ensure the risk management framework is implemented across the different areas of operations.

### ***Supervisors***

- Monitor the material business risks for their areas of responsibility;
- Provide suitable information on implemented treatment/mitigation strategies to senior management to support ongoing reporting to the Board; and
- Ensure staff are adopting Metal Bank's risk management framework as developed and intended.

### ***Individual Staff***

- Recognise, communicate and respond to expected, emerging or changing material business risks;
- Contribute to the process of development of Metal Bank's risk profile; and
- Implement treatment strategies within their area of responsibility.

## **5. RISK REGISTER**

Metal Bank has developed a risk register which sets out details of identified material business risks and the current controls to manage risk along with proposed further actions that need to be taken to manage all identified risks to levels that are acceptable to Metal Bank's tolerance for risk.

The entire risk register will be reviewed annually by the Metal Bank board and specific events and treatments will be reviewed as required either in response to particular circumstances or as a new event is identified.

## **6. QUESTIONS**

If you have any questions arising from this Policy please contact the Company Secretary.

**Approved by the Board  
28 August 2014**