



Sipa Resources Limited
ABN 26 009 448 980

Risk Management Policy

Sipa Resources Limited (ACN 009 448 980)

Adopted by the Board on **23 July 2015**

1 Introduction

The purpose of this policy is to outline the roles, responsibilities and procedures for the identification of significant business risk and the effective management of those risks to ensure a consistent, efficient and effective assessment of risk in the achievement of the Company's objectives. The objective is not to eliminate risk, but rather to manage those risks which have been deemed material business risks by the Company and to outline an appropriate framework for monitoring the effectiveness of controls over those risks.

2 Policy

The identification and effective management of material business risks is viewed as an essential part of the Company's approach to creating long-term shareholder value. Management, through the Managing Director, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system.

The Company carries out risk specific management activities in four specific areas: strategic risk, operational risk, financial reporting risk and compliance risk. These risks are reviewed at least annually by the board as part of annual strategy session. Management reports quarterly to the Board on the Company's key risks and the extent to which it believes these risks are being managed.

The Board, in conjunction with the Audit & Risk Committee, is responsible for satisfying itself annually that the system of risk management and internal controls is sound and is operating adequately.

3 Responsibilities

The Board is responsible for determining the company's risk tolerance, identifying areas of significant business risks, and ensuring that arrangements are in place to adequately manage those risks. The Board is assisted in discharging these duties by the Audit & Risk Committee which is responsible for ensuring the risks are identified and monitored. The responsibilities of the Audit & Risk Committee can be found in the Committee's Charter.

Management is responsible for identifying specific risks and the implementation of mitigating controls over those risks. The Managing Director is responsible to the board for ensuring that the risk management system is maintained in accordance with this policy. In conjunction with the Managing Director, the Company Secretary is responsible for the implementation and continuous program of risk assessment including those procedures necessary to provide assurance to the board that the risk management and internal control system is operating effectively to reduce financial reporting risks