

Introduction

The Board of Cape Lambert Resources Limited (**Company**) is committed to managing its risks in order to both minimise uncertainty and to maximise its business opportunities.

The Board recognises its exposure to economic, environmental and social sustainability risks that could adversely affect the achievement of the Company's objectives and successful implementation of its business strategies.

The primary objective of risk management is to ensure that risks facing the business are appropriately managed to deliver better outcomes. The risk management framework aims to achieve this by:

- Capturing and evaluating risks and opportunities;
- Determining whether further action is required; and
- Taking further action where necessary.

For the purpose of this Policy, risk is defined as possible outcomes that could materially adversely impact the Company's financial performance, assets, reputation, people or the environment.

Risk Oversight

The Board has the primary responsibility for identifying the principal risks and opportunities of the Company's business and ensuring that appropriate risk management systems and an internal control framework are established and reviewed.

The Board has delegated the specific function and responsibility for establishing, implementing and maintaining the Company's risk management systems and internal control framework to the Audit and Risk Committee.

Day-to-day responsibility for risk management and internal control is delegated to the Company's management, with the Executive Chairman and Chief Financial Officer being responsible to the Board for identifying matters requiring Board consideration.

The Board recognises that this delegation of responsibility to the Audit and Risk Committee does not reduce its primary responsibility for the oversight of risk management.

Not all aspects of risk management can be formalised, and the Company places considerable reliance on the skill, experience and judgement of its people to take risk managed decisions within the Policy framework and to communicate openly on all risk related matters.

Risk Management System

The Company's system for identifying, assessing, monitoring and managing its risks is as follows:

- The Board monitors management and operational performance on an ongoing basis;

- The Board is provided with financial reports as appropriate;
- The Company maintains a risk register;
- An insurance program which is reviewed by the Board;
- All statutory and external financial reporting requirements as required by the ASX Listing Rules, Corporations Act and relevant accounting standards, are complied with in terms of quarterly, half yearly and annual financial reports and the Board reviews these reports and related accounting procedures on an ongoing basis;
- Presentations are made to the Board throughout the year by appropriate members of senior management on the Company's projects;
- All major capital expenditure, acquisitions and divestments are approved by the Board;
- A Continuous Disclosure Policy has been adopted to ensure that all price sensitive information is disclosed to the market and shareholders or investors on a timely basis;
- A Securities Trading Policy has been adopted to ensure that all trading in the Company's securities by KMP and Personnel occurs in compliance with statutory requirements;
- The adoption of the Code of Conduct which is applicable to all Directors, officers, employees, consultants and contractors setting out the expected standards of conduct and compliance;
- The Audit and Risk Committee meet with the external auditors at least twice a year and reviews their closing report which comments on items such as the internal control environment; and
- The Board receives and adopts a report from the Audit and Risk Committee on its activities as part of the approval of the Company's annual report.

Performance Evaluation

Please refer to the Company's Performance Evaluation Policy for details on the performance evaluation of the Board and Audit and Risk Committee.

Review of Policy

The Board shall review this Policy as required.

This Policy was approved by the Board of the Company on 12 August 2016.