

RISK MANAGEMENT POLICY

SCOPE

Management of risk is a primary objective of Leigh Creek Energy Limited (“the Company”) in all its business activities. The Company is committed to ensuring that its culture, processes and structures facilitate realisation of the Company’s business objectives, including potential opportunities, while its system of risk oversight, management and internal control are appropriate.

DEFINITION

The Company defines risk as either a threat or an opportunity. A risk in the form of a threat is defined as the chance of something happening that will negatively impact on the Company’s ability to meet its objectives. A risk in the form of an opportunity is defined as the chance of something happening that will enhance, or positively impact on, the Company’s ability to meet its objectives. Both threats and opportunities are measured in terms of consequences and likelihood.

OBJECTIVE

The objectives of this Policy and the Risk Management Framework are to:

- Provide a consistent and systematic approach to identify, analyse, evaluate, treat, monitor and report on the portfolio of risks
 - Ensure management and the Board are presented with the best available information on which to base their decisions
 - Ensure decisions made are aligned with the Company’s appetite for risk and are undertaken within approved risk tolerances and are executed with sufficient independent oversight
 - Provide assurance through the Board’s Audit & Risk Committee that controls are in place and are operating effectively and efficiently.
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FRAMEWORK

The Company has adopted a Risk Management Framework, consistent with Australia/New Zealand Standard ISO 31000:2018, which clearly defines responsibilities for managing risk under the Company’s risk management process. Material risks of the Company’s business, including operational, financial, legal and compliance risks related to business transactions, are required to be regularly identified, managed, monitored and reported. Methods for treating and mitigating risks include transferring, reducing, accepting or passing on risks following assessment using a variety of methods.

RESPONSIBILITY

Primary responsibility for managing risk rests with the Company’s management, while the Board, through its Audit & Risk Committee, retains ultimate responsibility for risk management.

AUTHORITY

One of the cornerstones of the Company’s risk management approach is a well-defined system of delegated authorities with respect to the commitment of capital and an investment approval process which brings rigour to the selection, assessment

and approval of investment risks. Matters such as legal, accounting, tax and general risk assessment issues are considered in each case. The Company's most senior Executives and the Board are involved in major decisions.

REPORTING

Material risks are reported to the Board through the Audit & Risk Committee and the Board has worked with management to implement policies and processes to address particular identified risks. The Board participates in regular updates (as required) from management on material aspects of the business of the Company, including material risks. In the case of any particular major risk materialising, relevant members of senior management and the Managing Director/General Manager are responsible for ensuring the Board is fully informed of, and for discussing with the Board, the steps taken to address that risk.

POLICY AMENDMENT

This Policy cannot be amended without approval of the LCK Board. It will be reviewed from time to time to ensure that it remains effective and meets best practice standards and the needs of LCK.

APPROVED

November 2019
