

Troy Resources Limited

Risk Management Policy

1 Overview

In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. Managing risk is the responsibility of everyone in the Company.

This policy sets out the Company's approach to risk, including the responsibilities of the Board, senior executives and others within the Company in relation to risk management.

2 Risk management procedure

The Company's risk management activities are set out as follows:

Senior executives refers to the senior management team as distinct from the Board, being those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance. Senior executives undertake the following activities:

- (a) review and update the risk register as necessary and provide the register to the Board on a regular basis;
- (b) the Chief Executive Officer & Managing Director and Chief Financial Officer provide a certification that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks, in accordance with the requirements of the ASX Corporate Governance Councils Principles of Good Governance and Best Practice Recommendations (ASX Principles);
- (c) the Chief Executive Officer & Managing Director provides a summary of the Company's management of its material business risks and report to the Board on the effectiveness of whether those risks are being managed effectively, in accordance with the requirements of ASX Principles;
- (d) prepare the annual report disclosure with respect to ASX Principles for the Board's approval;
- (e) review the Company's Risk Management Policy and make recommendations to the Board about any proposed changes;
- (f) publish any updates to the Company's Risk Management Policy approved by the Board on the Company's website; and
- (g) review the Company's Board Charter and role descriptions for senior executives to ensure accountability for all risk management is included.

The Board undertakes the following activities:

- (a) notes the updated risk register and questions management if required;
- (b) notes the Chief Executive Officer & Managing Director and Chief Financial Officer certification for the purposes of the ASX Principles;

- (c) notes the Chief Executive Officer & Managing Director summary regarding the effectiveness of the Company's management of material business risks for the purposes of the ASX Principles; and
 - (d) approves the annual report disclosure with respect to the ASX Principles.
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3 Role of the Board and delegated responsibility

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. Further details of the Board's responsibility are set out in section 2 of this policy.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Chief Executive Officer & Managing Director, with the assistance of senior executives, as required.

Audit Committee

The Company has an Audit Committee which assists, and reports to, the Board in relation to Risk Management. It also assesses and reviews the effectiveness of the financial reporting of the Company and of the Company's internal financial control system. The role of the Audit Committee is set out in the Company's *Audit Committee Charter*.

4 Role and authority of the Chief Executive Officer & Managing Director

The Chief Executive Officer & Managing Director has responsibility for identifying, assessing, monitoring and managing risks. The Chief Executive Officer & 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 is updated to reflect any material change.

The Chief Executive Officer & Managing Director is required to report on the progress of, including the effectiveness of the Company's management of its material business risks, and on all matters associated with, risk management at least annually.

In fulfilling the duties of risk management, the Chief Executive Officer & 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 prior approval of the Board.

Further details of the Chief Executive Officer & Managing Director's responsibilities are set out in section 2 of this policy.

5 Role of senior executives

Senior executives are responsible for assisting the Chief Executive Officer & Managing Director identify, assess, monitor and manage risks.

Further details of senior executive's responsibilities are set out in section 2 of this policy.

6 Role of managers and supervisors

Managers and supervisors must:

- (a) monitor material business risks for their areas of responsibilities;
 - (b) provide adequate information on implemented risk treatment strategies to senior management to support ongoing reporting to the Board; and
 - (c) ensure staff are adopting the Company's risk management framework as developed and intended.
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7 Role of individual staff

All staff within the Company should:

- (a) recognise, communicate and respond to expected, emerging or changing material business risks;
 - (b) contribute to the process of developing the Company's risk profile; and
 - (c) implement risk management strategies within their area of responsibility.
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8 Risk profile

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The Company's risk register considers the following categories:

- (a) Market-related
- (b) Financial
- (c) Operational
- (d) Environmental
- (e) Human capital
- (f) Occupational Health & Safety
- (g) Political
- (h) Legal and compliance.

Individual risks falling within these categories are included in the Company's risk register.

9 Risk management strategies

The Company will continue to update and formulate policies for its activities in accordance with the objectives of the Company and its assessment of the material business risks as outlined in the risk register. The Company has development clear limits and authorities for expenditure levels, implemented policies relating to occupational health and safety, regularly conducts reviews of its insurance requirements and policies and monitors its financial risk through budgeting and financial reporting.

10 Responsibility to stakeholders

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 outlined in section 8 of this policy.

11 Continuous improvement

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.