

# RISK MANAGEMENT POLICY

## ZAMBEZI RESOURCES LTD ("COMPANY")

### Overview

The Company considers risk to be any event or action with the potential to interfere with or prevent the Company from achieving its goals and objectives.

The Board considers it important to establish a system of risk management and internal compliance and control in order to:

1. achieve the Company's objectives and goals;
2. safeguard to assets and interests of the Company and its stakeholders; and
3. ensure the accuracy and integrity of external reporting.

### RISK MANAGEMENT SYSTEM

#### 1. Delegated Responsibility

The Board is responsible for overseeing the establishment and implementation of an effective risk management system and reviewing and monitoring the Company's application of that system.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management as required. The Managing Director is responsible for reporting directly to the Board on all matters associated with risk management.

#### 2. Process

The Managing Director has responsibility for identifying, assessing, treating and monitoring risks.

The Managing Director is required to report on the progress of risk management on a regular basis.

In fulfilling his duties of risk management, the Managing Director may have unrestricted access to company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate, with the approval of the Board.

### **3. Risk Profile**

The risk profile of the Company can be categorised as follows:

- Financial;
- Operational;
- Human;
- Political;
- Economic cycle/marketing; and
- Legal and compliance.

### **4. Additional Risk Management Policies and Practices**

The Company maintains a number of policies and practices designed to manage specific business risks. These include:

- Audit Committee and Audit Committee Charter;
- an insurance program;
- regular budgeting and financial reporting;
- clear limits and authorities for expenditure levels;
- procedures/controls to manage environmental and occupational health and safety matters;
- procedures for compliance continuous disclosure obligations under the ASX listing rules; and
- procedures to assist with establishing and administering corporate governance systems and disclosure requirements.

### **5. Continuous Improvement**

The Company's risk management system is evolving. This is an on-going process and it is recognised that the level and extent of the risk management system will evolve commensurate with the evolution and growth of the Company's activities.

#### **SUMMARY OF RISK MANAGEMENT POLICY**

The Company has established a risk management policy which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management. The policy also sets out the Company's risk profile.