
ECO QUEST LIMITED
RISK MANAGEMENT POLICY

1. RISK MANAGEMENT REVIEW PROCEDURE AND INTERNAL COMPLIANCE AND CONTROL

The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board will, among other things:

- (a) oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- (b) assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- (c) review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The Company's process of risk assessment and management is based on the international standard "AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines" and includes:

- (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks.
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are, or will be, put in place directed towards achieving the following objectives:

- (a) compliance with applicable laws and regulations.
- (b) preparation of reliable published financial information.
- (c) implementation of risk transfer strategies where appropriate e.g. insurance.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to design and implement the risk management and internal control system to manage the Company's material business risks and report to the Board, at least quarterly, on whether those risks are being managed effectively.

The Managing Director and the Chief Financial Officer (or equivalent, if applicable) are required annually, in accordance with section 295A of the Corporations Act, to state to the Board in writing that the declaration relating to the integrity of the Company's financial statements 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.

The Board will review assessments of the effectiveness of risk management and internal compliance and control on at least an annual basis.