



Aeris Resources Limited

Risk Management Policy (and guidelines)

As at 1 September 2011

Risk Management Policy (and guidelines)

Aeris Resources Limited

ACN 147 131 977

1 Introduction

This policy and the guidelines are the basis for Aeris Resources Limited (**Aeris**) establishing a sound system of risk oversight and management and internal control. The system is designed to:

- identify, assess, monitor and manage risk that could impact on the achievement of Aeris' business objectives; and
- inform investors of material changes to Aeris' risk profile.

The Aeris board of directors (**Board**) has considered the risk factors applicable to its organisation and industry and this policy addresses these risk factors. Risks considered include operational, environmental, compliance, strategic, human capital, financial reporting and market-related risk.

At a minimum the following areas of potential risk are reviewed and considered by the Board:

Risk category	Obligation
Operational and business risks	<ol style="list-style-type: none"> 1. Health, Safety and Environment; management report monthly to the Board against the policies, procedures and standards. 2. Development and construction; new projects are identified and reported against budget to the Board monthly. 3. Operation of Aeris' mines; site operational reports are submitted to the Board monthly. 4. Ore Reserves and Mineral Resources; reports are presented to the Board on a regular basis. 5. Exploration; reports are submitted to the Board monthly. 6. Insurance; an annual report is presented to the Board. and 7. Commodity and currency; reports are submitted to the Board monthly.
Accounts	Ensure compliance with the requirements to prepare, dispatch and file annual accounts under relevant Australian law, Accounting Standards and the ASX Limited (ASX) Listing Rules.
Board duties	Ensure that directors act in good faith and what they believe to

and Aeris operations	<p>be in the best interests of Aeris, exercise due care and diligence, and otherwise observe their applicable duties as directors under the <i>Corporations Act 2001</i> (Cth) (Corporations Act) and general law.</p> <p>Ensure Aeris is operated in a safe and sound manner in conformity with all applicable regulatory requirements.</p>
Financial assistance	The Corporations Act prohibits companies from giving financial assistance to a person for or in connection with the purchase of shares issued or to be issued by the company or its holding company unless certain specified procedures are followed.
Insider trading	The law imposes a number of significant restrictions on directors and employees when they deal in their own company's shares.
Insolvent trading	Serious consequences flow if the company trades while insolvent or near insolvency, including potential personal liability for directors. The directors must not permit the company to trade whilst insolvent.
Offering securities	There are positive obligations on directors and officers to ensure that the offer documents and statements made in connection with the sale of securities are not false or misleading or have material omissions (see Part 6D.3 of the Corporations Act).
Related party transactions	The ASX Listing Rules contain strict limitations on the giving of financial benefits by public companies to related parties and their directors. Contravention of these provisions can have serious consequences for the director and for the company.

2 Risk management policy

The Board is responsible for overseeing this policy and Aeris' risk management activities. Aeris does not have a formal risk management committee.

2.1 Risk management

Aeris has established policies for the oversight and management of material business risks.

Aeris' management identify and more importantly prioritise risk arising from business strategies and activities to allow Aeris to plan, assess and execute its strategies. Once risk has been identified and assessed, the management and the Board will have the capacity to determine the level of risk that is acceptable to Aeris. This assessment will also allow for the acceptance of risk designed to accomplish Aeris' strategic plans.

Risk monitoring and assessment activities are designed to reduce, or otherwise manage, risk to levels that are acceptable to the management and the Board. Without these controls, decisions regarding the business and its strategies will not be made on a fully informed basis and Aeris will not realise the maximum potential from its business.

A fundamental component of risk management is the development of ongoing monitoring which effectively re-assesses risk and the effectiveness of controls to manage risk. These monitoring activities must be conducted on a regular basis to ensure that the controls in place are functioning properly.

2.2 Internal control and risk management

The Board has overall responsibility for Aeris' internal control environment, and ensures that Aeris has an integrated framework of control, based on formal procedures and appropriate delegation of authority and responsibility.

There is a disciplined approach to identification and management of risk.

Management has established and implemented a system for identifying, assessing, monitoring and managing material risk through the organisation. This system includes Aeris' internal compliance and control systems and which include the following:

1. Aeris' Health, Safety and Environment Management System Framework;
2. Aeris' Health, Safety and Environment Management Standards;
3. Insurance risk engineers' operational risk reports;
4. Corporate insurance risk assessment reports;
5. Insurance valuation of plant and equipment reports;
6. Aeris' Group Treasury Policy and Procedure;
7. Risk Assessment Registers for all mine sites; and
8. Board approved policies which are available from the Corporate Governance section of Aeris' website.

2.3 Role of the Board

The Board is responsible for assessing the effectiveness of the risk management and internal compliance and control system. The Board must be satisfied that it has received adequate assurance from the Chief Executive Officer or Chief Financial Officer that there is a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

3 Access to risk management policy

This risk management policy will be placed on Aeris' company website under the corporate governance section.

4 Review of risk management policy

The Board must, at least once in each financial year, review this risk management policy and may make any amendments that it deems necessary or desirable.