



GALE PACIFIC LIMITED

ACN 082 263 778

RISK MANAGEMENT POLICY

Responsibility

The Board is responsible for establishing the Company's goals and objectives and overseeing the establishment, implementation and review of the Company's risk management system. The Board has delegated to the Audit & Risk Committee the responsibility of reviewing the effectiveness of the Company's risk management system and reporting to the Board. The responsibilities of the Committee are contained in the Committee's Charter. Management is responsible for establishing and implementing the risk management system to identify, control and manage strategic, technical, operational and other material risks. Management has undertaken to inform the Board of any new material risks and outline the actions that have been undertaken to manage such material risks.

On an ongoing basis the Board considers the significant business risks applicable to the business and ongoing operations. Additionally, the Board considers risk management as part of the annual strategy review and budget planning review.

Risk Profile

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

- Strategic risks (including competition, market, etc.)
- Technological risks
- Operational risks
- Financial risks
- Organisational risks
- Legal and Regulatory risks

The material risks in each category are identified by management and reported to the Board as required together with the proposed actions to manage the material operational risks identified.

The Audit & Risk Committee's primary function is to assist the Board in its responsibility to exercise due care, diligence and skill in relation to Gale in the areas of:-

- integrity of the Company's financial and external reporting;
- external auditor's activities, scope and independence;
- management processes for the identification of significant business risks and exposures and reviewing and assessing the adequacy of management information and internal control structures; and
- whether Gale is adequately managing risk relating to corporate governance.

Compliance & Control

The Company has implemented a number controls, policies and procedures to decrease, eliminate or manage the various identified categories aimed at:

- the Company's goals and objectives being achieved;
- material risks being identified, documented and controlled;
- resources being efficiently and effectively deployed to manage, control and protect the Company's assets (including its intellectual property);
- managerial, operating and financial information being accurate, reliable and timely; and
- ensuring an adequate level of compliance with Company policies and procedures.

Continuous Review

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 as the Company's strategy is progressed. Both management and the Board believe that given the Company's current state of development and the need to efficiently utilise its limited resources, it is reasonable not to have an internal audit function at present.

