

Eclipse Metals Limited Summary of Risk Management, Internal Compliance and Control

The Board takes a proactive approach to risk management. The identification and proper management of risk within the Company is a priority for the Board and management.

1. Audit and Risk Management Committee

The Board does not currently have a separate Audit and Risk Management Committee and any risk management issues are considered by the full Board in accordance with the Audit and Risk Management Committee Charter. Any references in this policy to "Committee" should be read as references to the Board, or in the event that the Board establishes an Audit and Risk Management Committee then such references should be read as referring to that committee.

The Committee is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Committee. This oversight includes but is not limited to operational, environmental, sustainability, strategic, ethical conduct, reputation or brand, technological, product or service quality, human capital, financial reporting, market-related and compliance risks.

The Committee oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the Company's vision and strategy and is designed to meet stakeholder's needs and manage business risks.

In addition, the Committee takes responsibility for:

- monitoring and assessing corporate risk and any internal controls instituted;
- monitoring the establishment of an appropriate internal control framework, including information systems and considering enhancements; and
- annually reviewing internal and external audit programs and/or reports to ensure that, where deficiencies in controls or procedures have been identified, appropriate remedial action is taken by management.

The Board has sought to minimise the business' risks by focusing on the Company's core business. The Audit and Risk Management Committee is responsible for ensuring that the Company's risk management systems are adequate and operating effectively.

2. Management (as appropriate)

Management is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously 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 these risks;
- formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and

- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Within the identified risk profile of the Company, comprehensive practices are in place that is directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations; and
- preparation of reliable published financial information.

The Committee and ultimately the Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Committee to report back on the efficiency and effectiveness of risk management.

In addition for each reporting period the Chief Executive Office and the Chief Financial Officer will attest that the financial reporting risk management and associated compliance and controls have been assessed and the adequacy of the system of risk oversight, management and internal control.

3. Risk Profile

The risk profile of the Company contains both financial and non-financial factors including material risks arising from operational activities, operational efficiency and investments in new projects.

To mitigate these risks, the Company has in place a range of risk management policies and procedures including competent management in all disciplines, a management information system, an experienced Board, regular Board meetings, annual financial audits and rigorous appraisal of new investments and advisors familiar with the Company.

Management is responsible for the ongoing management of risk with standing instructions to apprise the Committee and the Board of changing circumstances within the Company and within the international business environment.

4. Annual Review

An annual review of the Company's risk profile is undertaken and any material changes to the risk profile are noted. To assist the Committee to conduct the annual review, management and key executives are required to report to the Committee on:

- any material risks identified;
- how the risks are being managed;
- the implementation of any risk management or internal control system; and
- whether any breaches of the risk management policies have occurred during the preceding 12 months.

Policy History

Established: July 2013

Last review:

Review frequency: Annually or as required