



RISK MANAGEMENT POLICY

EUREKA ENERGY LIMITED ("COMPANY")

1. Purpose

In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. The aim of the Policy is to ensure that all material business risks, including strategic, operational, legal, reputational and financial risks, are identified, assessed effectively and efficiently managed and monitored in order to achieve the Company's objectives. This Policy sets out the Company's approach to risk.

2. Scope

This Policy applies to the Company and its controlled entity's and encompasses all material business risks faced by the Company and its controlled entity's.

3. Risk Management Roles and Responsibilities

The Executive Chair / CEO and the Company Secretary, together with senior executives, are responsible for identifying the material business risks faced by the Company and for implementing and maintaining a risk management and internal control system that enables risk to be assessed and managed. Individual responsibilities are detailed below.

- ***Role of the Board and Delegated Responsibility***

The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that, together with management, it has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the Executive Chair / CEO, with the assistance of senior management, as required.

- ***Role of the Executive Chair / CEO and Accountabilities***

The Executive Chair / CEO has responsibility for identifying, assessing, monitoring and managing risks. The Executive Chair / CEO is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company listed in this Policy are updated to reflect any material change.

The Executive Chair / CEO is required to report on the progress of, and on all matters associated with, risk management on a regular basis. The Executive Chair / CEO is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

- ***Authority of the Executive Chair / CEO***

In fulfilling the duties of risk management, the Executive Chair / CEO may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

4. Risk Tolerance

The Board recognises that calculated risk taking is an essential part of creating long term shareholder value. The Board acknowledges that a higher than average tolerance of risk is considered acceptable at the early developmental stage of the Company however tolerance levels are to be reviewed and reassessed regularly to ensure that any change in circumstances are incorporated in a timely manner.

5. Risk Profile

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The risk profile of the Company can be categorised as follows:

- Market-related – *including demand, commodity prices, exchange rates*
- Financial reporting
- Liquidity and funding
- Operational – *including Partner / Contractor / Operator risk*
- Strategic
- Technical – *including Exploration, Appraisal, Development, Production*
- Project concentration
- Reputation
- Legal and compliance – *including Documentation, Title, Governance, ASX requirements.*
- Environmental and Nature

6. Risk Management Requirements

A risk register has been compiled in conjunction with the full board, the Company Secretary and senior executives which identifies all material business risks. The potential consequences and likelihood of each material business risk occurring is also documented in the risk register together with the existing controls in place to effectively mitigate the risk and any further actions required to manage the risk.

The risk register is to be reviewed regularly by the Board and senior executives and updated where necessary. An action plan is to be developed for any additional risks identified that exceed the tolerance level set by the Board.

Any critical risks identified during the process are to be assigned to risk owners.

7. Assurances

In accordance with the ASX Corporate Governance Principle 7, Recommendation 7.2 the CEO is required to provide assurance to the Board on at least an annual basis, that a risk management and internal control system to manage the Company's material business risks has been designed and implemented during the year and that these systems have also been subject to review, as and when necessary. The CEO must also report to the Board as to the effectiveness of the Company's management of its material business risks.

In accordance with the ASX Corporate Governance Principle 7, Recommendation 7.3 the CEO (or equivalent) and the Chief Financial Officer (or equivalent) must provide an assurance to the Board that the declaration provided in accordance with section 295A of the Corporations Act 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.

8. Additional Policies and Practices

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

- *Audit Committee Charter*

The *Audit Committee Charter* sets out the role of the Audit Committee (or its equivalent) which includes, among other things, monitoring and reviewing the integrity of the financial reporting of the Company and any significant financial reporting judgements; and reviewing the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems.

- Regular budgeting and financial reporting

The Company has regular budgeting in place. It is the role of the Audit Committee (or its equivalent) to review the integrity of the financial reporting of the Company.

- Clear limits and authorities for expenditure levels

The Company's *Board Charter* sets out Materiality Thresholds. These include quantitative and qualitative thresholds as well as triggers for the materiality of contracts.

- Procedures for compliance with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act

The Company's *Compliance Procedures* have been designed for the purpose of ensuring the Company complies with its continuous disclosure obligations.

- Procedures to assist with establishing and administering corporate governance systems and disclosure requirements

The Company has adopted a Corporate Governance Manual which contains policies and procedures to assist the Company establish and maintain its governance practices.

9. Responsibility to Stakeholders

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's Risk Profile.

10. Authority and Resources

The Company is to provide the Committee with sufficient resources to undertake its duties. The Committee has the authority, as it deems necessary or appropriate, to access advice from external consultants or specialists.

11. Continuous Improvement

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