

Risk Management Policy

December 2015



Purpose

Lion Energy Limited and its subsidiaries (“Lion” or the “Company”) recognise that risk based decision making and effective risk management must be intrinsic aspects of business if the Company is to successfully exploit opportunities, identify and manage threats. Management recognises that all aspects of the Company’s business require a structured and participative approach to the identification, understanding, management and communication of risk.

Process

In order to achieve this, the Company shall:

- Integrate effective risk management into the Company’s culture and ensure that risk understanding and tolerance are an integral part of all decision-making;
- Use sound risk management processes to set strategic direction in light of the economic, social, political, legal and regulatory environment;
- Provide structured risk management programs for management and operations, for identifying, understanding and managing risks (threats and opportunities) in a consistent manner, using common terminology, appropriate methodologies, criteria and reporting systems; Report material risk to the relevant level of management , Board or external party;
- Proactively identify potential threats and opportunities and develop a detailed understanding of their nature and the associated controls to ensure risks are reduced to a tolerable level;
- Be disciplined in the delivery and monitoring of the effectiveness of controls, including proactive measurement of the effectiveness of the control regimes and implementation of alternate or additional controls;
- Provide sufficient resources to develop and deliver on Risk Management Plans across the Group;
- Ensure the workforce has sound risk management capabilities and are aware of the risks and controls in all work environments;
- Recognise and reward risk aware behaviour, proactively correct inadequate risk management practices and ensure the quality of risk management processes is consistent with the significance of decisions being made; and
- Foster an environment where employees assume responsibility for managing risks and have the confidence to do so based on the training and empowerment provided by the organisation.

Review of Policy

The Board will review this Policy annually.