

RISK MANAGEMENT POLICY

Fitzroy River Corporation Ltd (ABN 75 075 760 655) (the **Company**) and the Board recognise that risk management is an essential element of good corporate governance. The Company is committed to achieving an excellent standard of performance in all its business activities - effective risk management is a core element required to successfully accomplish this.

The Board has identified areas of business risk which are monitored on an ongoing basis including:

- Contract risk;
- Counterparty risk;
- Financial risk (detailed notes regarding financial risk management for the Company are contained within the Notes to the Financial Statements for the financial year ended 30 June 2013);
- Permit title risk; and
- Commodity (oil and gas) price and foreign exchange risk.

The Board reviews the effectiveness of the risk management system at least once a year. While the Board as a whole is responsible for supervising the management of risks by the Company, it has delegated the responsibility for day to day risk management to the Executive Director.

1. Key internal controls for the management of risk include:

- Integrate risk management into all facets of its business;
- Use risk management techniques as an integral part of decision making;
- Ensure that all material risks are identified and objectively assessed against accepted criteria and that effective controls measures are implemented and maintained;
- Ensure that its employees and contractors are informed about this policy and their responsibilities for its implementation;
- Implement effective crisis management and business continuity plans;
- Implement effective financing strategies (including insurance) for the transfer of residual risk;
- Continually strive to improve the Company's performance and periodically review performance to identify areas for improvement;

- Comply with all applicable laws, regulations, internal policies and contractual obligations as a minimum standard;
- Adopt appropriate due diligence procedures for acquisitions and divestments; and
- Monitor its annual budgeting and monthly reporting systems.

2. Review

This policy shall be reviewed at least annually or as required.

Sebastian Hempel
Executive Officer
Fitzroy River Corporation Ltd
September 2013