RISK MANAGEMENT POLICY

LUIRI GOLD LIMITED

Preamble

1. Luiri Gold Limited (**Company**) recognises that risk management is an integral part of operating its business and is a continuous process demanding awareness and proactive measures to reduce the occurrence and impact of risk events.

2. The Company has established a Risk Management Policy (**Policy**) in order to:

   (a) provide a framework for identifying, assessing, monitoring and managing risk;

   (b) communicate the roles and accountabilities of participants in the risk management system; and

   (c) highlight the status of risks to which the Company is exposed, including any material changes to the Company's risk profile.

Role and responsibilities

3. The Board is responsible for:

   (a) risk management and oversight of internal controls;

   (b) establishing procedures which provide assurance that business risks are identified, consistently assessed and adequately addressed; and

   (c) for the oversight of such procedures.

Risk management and internal control

4. The framework for the Company’s risk management policy and internal compliance include the following key elements:

   (a) Oversight of the Company’s financial affairs will be the responsibility of the Audit Committee.

   (b) All major project expenditure must first receive the approval of the Board.

   (c) The Company will adhere to a thorough due diligence process in relation to any proposed business relationship or project acquisition.

   (d) The formulation of programmes for exploration and development, continuity of ownership and access to exploration projects are vital. The Board will ensure that systems are in place to maintain effective title to exploration properties, and to fulfil all expenditure and joint venture obligations.

   (e) The Chief Executive Officer has responsibility for identifying, assessing, monitoring and managing risks. The Chief Executive Officer 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.

   (f) The Chief Executive Officer is required to report on the progress of, and on all matters associated with, risk management as a standing item at each Board meeting. The Chief Executive Officer is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

   (g) Managers and supervisors must monitor material business risks for their areas of responsibilities; provide adequate information on implemented risk treatment strategies to senior management to support ongoing reporting to the Board; and ensure staff are adopting the Company's risk management framework as developed and intended. Management will continuously monitor and manage all issues related to politics, bureaucracy, non-government organisations, traditional owners, community attitudes, civil unrest, contractor and services availability, and adverse weather, which could endanger title or fulfilment of commitments.

   (h) The Company will monitor and manage all issues relating to occupational health and safety. All potential exposures to illness or injury will be managed.

   (i) The Company's computer systems will be regularly maintained for the protection of electronic records, including a comprehensive back-up routine involving off-site storage.

   (j) All staff within the Company should recognise, communicate and respond to expected, emerging or changing material business risks; contribute to the process of developing the Company's risk profile; and implement risk management strategies within their area of responsibility.

Risk analysis and evaluation

5. The Board will formulate a procedure for analysing and evaluating risk. The Company considers that any risk that could have a material impact on its business should be included in its risk profile.

6. A risk evaluation will be carried out by senior management and communicated to the Board before the proposal is approved. Proposals regarded as significant may include:

   (a) major fundraising activities;

   (b) new business relationships;

   (c) new project acquisitions;

   (d) operating in a new country;

   (e) major capital procurement; and

   (f) out-sourcing, partnering or shared service arrangements of functions.

7. The risk evaluation will be a document presented to the Board that:

   (a) describes the internal and external risks;

   (b) evaluates the impact of the risks; and

   (c) includes any necessary risk management plan.

8. The risk management plan will identify each risk, define acceptable thresholds, and detail action to be taken in the event that these thresholds are exceeded.

9. Similar risk management plans may be created for ongoing operations e.g. in a particular country or with a particular contractor.

Risk monitoring and review

10. If after consideration of the risk analysis the proposal is approved by the Board, senior management will monitor progress against the risk management plan and promptly report any material matters to the Board.

11. Monitoring the status of each risk and any necessary action plan relating to treatment of risk will take place on a regular basis. Any action or recommendations arising out of the review process will be implemented by management.

12. The Board will review assessments of the effectiveness of risk management and internal compliance and control on a quarterly basis.

Insurance

13. The Company will maintain a comprehensive suite of insurance policies, including the following:

   (a) General insurance, office asset insurance and public liability insurance;

   (b) Worker's compensation;

(c) Travel insurance;

(d) Directors' and Officers' indemnity insurance (if economically available); and

(e) Liability insurance.

14. The Company's insurance policies are reviewed on an annual basis.

Industry risks

15. The mineral exploration and mining industry is subject to general risks and certain specific risks. The following is a non-exhaustive list of some of the risk factors the Company may face. Some of these risk factors can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

Application and approval risks

16. Secure title to exploration ground is the core feature of an exploration company's activities. Applications for title may be competitive, and/or granting may be at the discretion of the government. Retention conditions have to be complied with, and time extensions of tenure may not be granted.

17. In the event that the Company is successful in discovering minerals, mining leases may not be automatically granted.

Exploration risks

18. Exploration may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation, and other unforeseen contingencies.

19. The success of the Company also depends on securing and maintaining title to its exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities, the delineation of economically minable reserves, access to required development capital and movement in the price of commodities.

20. Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

21. Revenue from projects undergoing exploration and development programmes depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of grades and commodity prices affect successful project development, as does the design and construction of efficient processing facilities, competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants.

Mining risk factors

22. Mines can suffer specific impairment including:

(a) poor weather conditions over a prolonged period which might adversely affect mining activities and the timing of earning revenues;

(b) unforeseen major failures, breakdown or repairs required to key items of mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep;

(c) financial failure or default by a participant in any of the contractors used by the Company in its mining activities;

(d) industrial disputation;

(e) failure to deliver ore in correct quantity and to acceptable specifications;

(f) failure to achieve economic grades of contained metal and/or discovery of untreatable contaminants within the ore;

(g) failure of customers to take or pay for ore contracted.

Environmental risks

23. The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all applicable environmental laws.

24. Mining operations may have previously been conducted on some of the Company's project areas and old workings including tailings dumps may remain from these operations. There may be a liability to rehabilitate these areas.

General economic risks

25. Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors which contribute to that general economic climate include:

(a) contractions in the world economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);

(b) the level of direct or indirect competition against the Company;

(c) international currency fluctuations;

(d) new or increased government taxes or duties or changes in taxation laws; and

(e) changes in government regulatory policy affecting the industry in which the Company operates and further regulation of the industry generally.

Commodity prices

26. The Company's anticipated revenues may be derived from the sale of resource commodities. Consequently, the Company's earnings may be closely related to the

price of these commodities and the terms of any off-take agreements which it enters into. Resource prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include fluctuation in world demand for precious and base metals, forward selling by producers and production cost levels in major producing regions.

Financial and Compliance

27. The Company has regular budgeting in place. It is the role of the Audit Committee to review the integrity of the financial reporting of the Company. The Audit Committee is to ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business.

28. The Company's *Board Charter* sets out Materiality Thresholds. These include quantitative and qualitative thresholds as well as triggers for the materiality of contracts. The Company will establish and monitor clear limits and levels of expenditure authority.

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

Reliance on key personnel

30. The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel and their geological experience and expertise. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment with the Company.

Further information

31. The Company will publish this Policy or a summary thereof on the Company's website: www.luirigold.com.

32. If you have any questions or need further information in relation to this Policy, please contact the Company Secretary.

SUMMARY OF RISK MANAGEMENT POLICY

The Board has adopted a Risk Management Policy. Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer. The Policy sets out the role of the Chief Executive Officer and accountabilities. It also contains the Company's risk profile and describes some of the policies and practices the Company has in place to manage specific business risks.

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

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

The Company will formalise its approach to risk management by documenting all material business risks in a risk register and allocating ownership for material business risks to the Chief Executive Officer and management of individual material business risks to senior management and individuals within the organisation. The risk register is to be reviewed quarterly by management, and updated as required and presented to the Board. All risks identified in the risk register will be reviewed and assessed by management and the Board at least annually.

The Board also receives a written assurance from the Chief Executive Officer and the Chief Financial Officer (or equivalent) that to the best of their knowledge and belief, the declaration provided by them 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 relation to financial reporting risks.

APPENDIX A

TEMPLATE RISK REGISTER

1. Identify material business risks				2. Prioritise the risks			3. Manage material business risks		4. Report
#	Risk description	Current controls	Effectiveness of current controls	Likelihood	Consequences	Risk level	Further management action required	Responsibility / timeframe	Status
1	Describe each risk including potential consequences that may impact on the company if it eventuates.	List management controls currently in place to prevent or minimise the effect of risk occurring.	Consider the effectiveness of current controls in addressing the risk.	Determine the likelihood of risk occurring.	Determine the impact on company if it does occur.	Determine the overall risk level. The arrows may be used to track change in risk level since last report. ↑	If risk level is too high or above company's risk tolerance, document additional management action required to reduce the risk level.	Allocate responsibility for each risk and specify timeframe.	Track the status of risk mitigation actions and report to the board.
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Legend

↑ Risk level increased from last review

↔ Risk level unchanged from last review

↓ Risk level decreased from last review