

Risk Management Policy

Risk Management

The Board shall ensure that the Company has appropriate processes to identify, assess, monitor and manage risks that might prevent the Company from achieving its strategic objectives. In particular the Board shall:

- a) review and recommend amendments to this risk management policy and the risk profile;
- b) evaluate the adequacy and effectiveness of the Company's operations risk management controls;
- c) evaluate the adequacy and effectiveness of the Company's business continuity plans;
- d) evaluate the Company's exposure to fraud;
- e) evaluate the structure and adequacy of the Company's own insurances;
- f) ensure appropriate review of identified risks, together with the assessments of probability and impact;
- g) ensure appropriate review of risk action plans for identified risks;
- h) ensure that weaknesses in internal controls that have been identified have been followed up on a timely basis;
- i) review the annual declaration by the Managing Director and Financial Controller regarding the operation of risk controls;
- i) review significant transactions that are not a normal part of the Company's business; and
- j) review and monitor related party transactions and assess their propriety.

This policy was adopted on 1 July 2006.

Risk Profile

The Board has identified risk factors including but not limited to the following:

Exploration Risk

The exploration and development of natural resource projects is a speculative activity that involves a high degree of financial risk. There is no assurance that any discovered mineralisation will result in an increase in the reserves or resources of the Company. Resource estimates are not precise, being based on knowledge, experience and industry practice. They may change significantly when new information becomes available. Also, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. The Company's projects contain resources which have yet to be adequately tested to prove economic viability.

Risk to Title to Projects

The acquisition and retention of title to tenements in Australia are governed by State legislation and are evidenced by the granting of licences and leases. Each licence or lease is for a specific term and carries with it minimum annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in the tenements, if licence conditions are not met or if insufficient funds are available to meet expenditure requirements. All of the tenements in which the Company may own an interest in will be subject to applications for renewal. The renewal of the term of each tenement is at the discretion of the Western Australian Minister for Industry and Resources. If a tenement is not renewed, the Company may suffer damage through loss of the opportunity to develop and discover mineral resources on the tenements.

Environmental Risk

The Company's operations are subject to Australian, State and Federal laws and regulations regarding environmental and health and safety. These could impose significant costs and burdens both in terms of compliance and potential penalties, liabilities and remediation. Breach of any environmental obligations could result in penalties and civil liabilities and/or suspension of operations, any of which could adversely affect the Company. The Company intends to conduct all of its activities in a manner that is environmentally responsible and in accordance with all relevant laws.

Native Title

There is a risk that mining interests to be granted to the Company may be challenged or impaired, or claims for compensation may be made under the Native Title Act 1993 (Cth). Clearances, consents and approvals required by the Company in relation to native title, heritage, environmental and related matters are not materially different to those confronting any entity conducting exploration in similar parts of Western Australia.

Risk Profile (continued)

General Economic Conditions

Market conditions, particularly those affecting mining and industrial companies, may affect the ultimate value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of exploration companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining financing.

Uranium Mining Risk

Some of the Company's projects are prospective for uranium. Uranium mining is subject to extensive regulation by State and Federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations will increase the time to obtain necessary regulatory approvals and increase costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The Western Australian State Government has a policy of prohibiting the mining of uranium. Whilst the Company is not restricted from exploration and evaluation of its uranium deposits, the development of the uranium deposits is contingent upon a change of Western Australian State Government policy in relation to uranium production.

Requirement of Additional Financing

Further funds may be required to develop the Company's projects. Failure to obtain sufficient financing for the projects and any future projects may result in a delay or indefinite postponement of exploration and development on the Company's properties or even a loss of a property interest. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company.

Litigation Risk

Legal proceedings may arise from time to time in the course of the Company's business.

Legal Risk

The possibility exists that new legislation or regulations in any relevant jurisdiction may be adopted in the future that may materially adversely affect the Company's operations or its cost structure.

Risk Profile (continued)

Insurance Risk

The Company, as a participant in exploration programs, may become subject to liability for hazards which cannot be insured against or for which it is not insured. The Company may incur liabilities to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Key Personnel

The Company's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops.

Share Market

Share market conditions may affect the listed securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment towards particular market sectors; the demand for, and supply of capital; and war, terrorism or other hostilities.

Government

Changes in government, monetary policies, taxation and other laws may have a significant influence on the Company. The impact of actions by governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties. The Company will require government regulatory approvals for its operations and facilities installations.

Other

The future viability and profitability of the Company may also be affected by a number of other factors, including, but not limited to, the following:

- financial failure or default by a participant in any contractual relationships to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial disputes.

Latest Review date: 31 August 2007