
PRODIGY GOLD NL –RISK MANAGEMENT, INTERNAL COMPLIANCE AND CONTROL

1. PURPOSE

The Board determines the Company’s “risk profile” and is responsible for overseeing and approving the risk management strategy and policies, internal compliance and internal control procedures.

The Board will oversee the processes for both the identification of Company risks and the implementation of the risk management system where appropriate. Management is required to assess risk management and associated internal compliance and control procedures.

2. PROCESS

Among other things the Board will:

- oversee the Company’s risk management systems, practices and procedures to ensure effective risk identification, management and internal control procedures, and compliance with internal guidelines and external requirements including an annual review of the risk management framework to ensure it continues to be sound;
- assist Management to determine the key risks to the businesses and prioritise work to manage those risks; and
- review reports by Management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The Company’s process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company’s goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed towards achieving the following objectives:

- compliance with applicable laws and regulations;
- preparation of reliable published financial information; and
- implementation of risk transfer strategies where appropriate, e.g. insurance.

The Board will review and assess the effectiveness of risk management and internal compliance and control on an annual basis.

3. REPORTING

Management will report on the risk management systems, internal compliance and controls at least bi-annually to the Board.

The Company’s annual Corporate Governance Statement will disclose:

- whether the annual review of the Company’s risk framework has taken place;

- whether the Company has an internal audit function and if so, how it is structured and what role it performs; or, conversely, if the Company does not have an internal audit function, it will disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes; and
- whether the Company has a material exposure to economic, Environmental and sustainability risks and, if it does, how it manages or intends to manage those risks.

At this point in time the Company does not have an internal audit function.

4. BOARD APPROVAL

This Policy will periodically updated and amended by the Board to ensure it is operating effectively and required changes are made.