



ABN 63 009 193 980

BLACKTHORN RESOURCES LIMITED

RISK MANAGEMENT POLICY

November 2011

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1. Introduction

1.1 As a company focussed on exploring for, and extracting minerals in different parts of the world, risk is an intrinsic part of the nature of Blackthorn Resources' operations. The management of risk within the company is recognised as a critical part of its business operations. It underpins reliable financial reporting, compliance with relevant legal and regulatory obligations, efficient and effective business operations and safe and environmentally responsive activities.

1.2 Our activities by their very nature have multiple layers of risk, including:

- Highly speculative nature of mineral exploration activities;
- Investment and operations subject to foreign jurisdictions;
- Nature and size of the company's operations, and dependence on a small number of key personnel;
- On-going commercial viability of mining operations, subject to significant cost and commodity price changes;
- Foreign currency exposures;
- Exposure to environmental, health and safety issues associated with the mining industry;
- Requirement for on-going additional capital to fund its exploration and development activities; and
- Certain uninsurable risks.

Our challenge as a company is to develop a culture which allows the adventurous and entrepreneurial spirit for generating continued success in our exploration and production endeavours to thrive, while building a sound foundation of systems, practices and culture which identify and acceptably manage our risks.

2. Scope

2.1 This Policy sets out the broad principles, responsibilities and practices that will be used to manage Blackthorn Resources' risk exposures and the various risk management systems and internal controls operated by Blackthorn Resources to respond to those risks.

2.2 This Policy has important implications for all Blackthorn Resources' personnel. If you do not understand the implications of this Policy or how it applies to you, you should raise the matter with the Chief Executive Officer or the Company Secretary.

3. Risk Policy Objectives

- 3.1 To ensure that Blackthorn Resources' has a culture and practices in place to encourage the identification, assessment and management of risks that may affect Blackthorn Resources' ability to achieve its business objectives.
- 3.2 To ensure that in managing risk, Blackthorn Resources complies with all relevant laws, regulations and contractual obligations, and that appropriate recognition is given to Blackthorn Resources' social and community obligations.
- 3.3 To ensure that Blackthorn Resources has in place a structured and effective approach to risk management.
- 3.4 To ensure that its risk management program is appropriate for Blackthorn Resources, taking account of the business environment that Blackthorn Resources operates in and the company's assessed tolerance to risk.
- 3.5 To ensure that effective monitoring and regular reporting of risk under the risk management program is conducted.

4. Risk Roles and Responsibilities

- 4.1 The Board of Blackthorn Resources is ultimately responsible for overseeing the establishment and implementation of effective risk management systems and the monitoring of internal controls and compliance.
- 4.2 Blackthorn Resources' Audit and Risk Committee, on behalf of the Board, reviews the effectiveness of the company's risk management systems, including without limitation, reviewing and updating the company's risk profile,

At least annually the Audit and Risk Committee will review the implementation of the company's risk management policy and reassess the risk management framework.

- 4.3 The implementation of the risk management systems and the management of risks within Blackthorn Resources on a day-to-day basis, are the responsibility of the Managing Director, with the assistance of senior management.

Having identified and prioritised a particular risk in the business, it is management's responsibility to assess the risk, and where necessary, take appropriate action to eliminate, mitigate or transfer the risk, to the extent possible in the most cost effective way, such that the risk is reduced to a level which is acceptable within this Policy. The identification and management of such risks will be incorporated into Blackthorn Resources' business and project plans, including assessment of opportunities.

- 4.4 It is the responsibility of all Blackthorn Resources' employees and contractors to ensure the company complies as appropriate with its legal, regulatory,

contractual and compliance obligations, and to take appropriate action as required to manage, monitor and report on risks.

- 4.5 When necessary, Blackthorn Resources will engage independent specialists to assist it to implement and monitor appropriate risk management practices within the business.

5. Risk Management Framework

- 5.1 A sound framework of risk oversight, risk management and internal controls is fundamental to Blackthorn Resources' commitment to good corporate governance.

Blackthorn Resources' strategic and business plans are formulated in the context of the key risk exposures identified by the company and the requirements to effectively manage those risks as part of the company's operations.

- 5.2 To manage the risk exposures faced by Blackthorn Resources, the Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks, as a basis of implementing a formal system of risk management and internal control and compliance.
- 5.3 This Policy requires Blackthorn Resources to undertake a formal risk assessment review and to routinely monitor and reassess material risk exposures within the company.

6. Risk Management Practices

- 6.1 Blackthorn Resources maintains a number of policies and procedures which are designed to manage specific business risks. These include:

- Audit and Risk Committee Charter
- Disclosure Policy
- Securities Trading Policy
- Code of Conduct
- Corporate Governance Statement
- Comprehensive Insurance Program
- Regular Reporting
- Delegations of Authority
- Procedures to define and manage environmental, health and safety matters
- Establishment of Key Performance Indicators for senior management that ensure alignment of risk management priorities.

- 6.2 Blackthorn Resources has undertaken a strategic risk assessment to formally identify, collate and prioritise its key business risks, and will review this at least annually and/or whenever there is a material change to the company's business strategy or structure.

- 6.3 Blackthorn Resources has implemented and maintains a key business risk register.
- 6.4 The Chief Executive Officer and the Chief Financial Officer are required to report to the Board annually as to the effectiveness of the company's management of its key business risks.
- 6.5 The Chief Executive Officer and the Chief Financial Officer are required to state in writing to the Board that the Blackthorn Resources' financial reports present a true and fair, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

7. Review and Publication of this Policy

- 7.1 This Policy will be reviewed by the Audit & Risk Committee at least annually. The Audit & Risk Committee will recommend any necessary changes to the Board for its consideration and approval.
- 7.2 The key features of this Policy will be outlined in Blackthorn Resources' annual report.
- 7.3 This policy will be made available to Blackthorn Resources' shareholders on request.
- 7.4 A copy of this Policy will be made available on Blackthorn Resources' website www.blackthornresources.com.au

Approved and adopted by the Board of Blackthorn Resources Limited on 24 November 2011.