



THE TANAMI GOLD NL (“Tanami”; the “Company”) RISK MANAGEMENT AND INTERNAL CONTROL POLICY

1. OVERVIEW

Risk is inherent in the Company’s business operations. The early identification and effective management of risk, including our corporate, social and environmental responsibilities, and providing a safe work environment, is central to ensuring the ongoing interests of the Company and its shareholders.

The Tanami Gold NL Board (“Board”) is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks which are designed to reduce any identified risk to an acceptable level.

The Board is also responsible for approving and reviewing the Company’s risk management and internal control strategy. The active identification of risks and implementation of mitigation measures, on a day to day basis, is the responsibility of Management, which risks include corporate, operational, exploration and environmental together with regulatory and contractual compliance.

2. BENEFITS OF RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

Some of the benefits identified in establishing and maintaining risk management procedures are as follows:

- Safeguarding the health and welfare of employees;
- Instilling certainty and confidence in shareholders;
- More effective strategic planning;
- Better cost control;
- Enhancing shareholder value by minimising losses and maximising opportunities;
- Increased knowledge and understanding of exposure to risk;
- A systematic, well-informed and thorough method of decision making;
- Minimised disruptions;
- Better utilisation of resources;
- Strengthening culture for continued improvement; and
- Creating a best practice and quality organisation.

3. RISK MANAGEMENT AND INTERNAL CONTROL POLICY

Risk manifests in many forms and has the potential to impact on the health and safety, environment, community, reputation, regulatory, operational, market and financial performance of the Company if not managed appropriately. By understanding and managing risk we provide greater certainty and confidence for our shareholders, employees, customers and suppliers and for the communities in which we operate.

The principle aim of the system of internal control is the management of business, operational and exploration risks with a view to enhancing the value of shareholders' investments and safeguarding assets.

The Board is ultimately responsible for the internal control framework and risk management of the company and for regularly reviewing its effectiveness. To assist the Board in discharging its responsibilities in relation to risk management, the Board has delegated certain activities to the Audit Committee and the Risk Management Committee ("RMC"). The responsibilities of these Committees are contained in their respective Charters. Additionally, procedures have been established at Board and executive management levels which are designed to safeguard the assets and interests of the Company and to ensure the integrity of reporting.

Risks faced by the Company are managed on a Company wide basis. Although no system of internal control can provide absolute assurance that risks will be fully mitigated, the Company's internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed. Risk management is embedded in Tanami's critical business activities, functions and processes. Risk understanding and the Company's tolerance for risk are key considerations in decision making. To this end –

3.1 Every operating department within Tanami is required to:

- a) establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set limits for risk taking and develop effective risk mitigation strategies;
- b) incorporate risk management strategies into a system of internal control which is designed to enhance the process for identifying and capitalising on opportunities to create value, protect people, the environment and safeguard company assets, facilitate effective and efficient operations and supports reliable reporting and compliance with applicable laws and regulations;
- c) monitor the effectiveness of the system;
- d) comply with relevant policies, guidelines and standards; and
- e) provide an annual (or more frequently required by the RMC) assurance regarding the extent of its compliance.

3.2 Within each department, management is expected to:

- a) resource, operate and monitor the system of internal control;
- b) delegate authorities for approving transactions in their respective areas;
- c) ensure that a risk based approach to internal control is communicated to staff, embedded in business processes and is responsive to changing circumstances;
- d) assign accountability for managing risks within the agreed parameters; and
- e) report the results of reviews and investigations into the effectiveness of the risk based internal control system, including identified weaknesses or incidents, to senior management and the RMC.

The Board review and discuss strategic risks and opportunities arising from changes in the Company's business environment regularly and as required. Whilst the Board has delegated some of the abovementioned responsibility to the Audit Committee and the RMC established by it, the Board maintain the overall responsibility for the process.

4. The following committees have been established to assist the Board in internal control and risk management:

4.1 **Audit Committee**

The Board has established an Audit Committee, which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This also includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Board has delegated this responsibility for the establishment of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit Committee. The Committee also provides the Board with additional assurance regarding the reliability of the financial information for the inclusion in the financial reports; and

4.2 **Risk Management Committee (RMC)**

The RMC, established by the Board and operating under a Charter approved by the Board, is responsible for reviewing risk management reports and ensuring the Company's risk management and internal control systems are operating effectively in relation to the Company's operations.

5. **Review**

5.1 This Policy is subject to review by the Board and will be amended as and when appropriate

Approved by the Board

October, 2012