

APPENDIX 7.1

Risk Management Policy

RISK MANAGEMENT POLICY

The effective management of risk is central to the continued growth and profitability of AMMTEC.

The purpose of this policy is to ensure that:

- Appropriate systems are in place to identify to the extent that is reasonably practicable all material risks that the Company faces in conducting its business;
- The financial impact of identified risks is understood, and appropriate limits set to control exposures to those risks;
- Appropriate responsibilities are delegated to control the identified risks effectively;
- Any material changes to the Company's risk profile are disclosed in accordance with the Company's Continuous Disclosure Policy.

For the purpose of this policy, risk is defined as possible outcomes that could materially adversely impact on the Company's financial performance, assets, reputation, people or the environment.

The Board is accountable for:

- Reviewing and approving the risk profile of the Company and the policies and systems implemented for the ongoing identification and control of those risks;
- Annual review of the Company's financial capacity to absorb risk and approving appropriate exposure limits; and
- Requiring provision by management of reports on performance of systems used to identify and control risks and regularly reviewing these reports.

The Board may delegate all or part of this accountability to a Board Committee.

The Managing Director is accountable for:

- Identification and control of risks including risk identification and assessment in all significant investment decisions;
- Appointing the systems Owners through which appropriate systems and procedures for the identification, reporting and control of all material risks are developed, implemented, maintained and reviewed;
- Ensuring that regular reporting is prepared and presented to the Board on performance in relation to identification and control of risks;
- Providing an effective system for sign off at six monthly intervals from employees with specific delegated responsibilities under this policy; and
- The maintenance of an insurance program that covers all economically insurable risks.

The Company Secretary is accountable for:

- Disclosure of the Company's risk profile or any material change to it in accordance with the Company's Continuous Disclosure Policy.

All managers, supervisors and employees are responsible for:

- Taking all reasonable and practicable steps to perform their responsibilities delegated under this policy and the related systems and procedures; and
- Contributing to the continued improvement of the Company's risk management capabilities by reporting through management or the Company's established procedures any incidents that may result in unacceptable levels of risk or non-compliance with established procedures for measuring and reporting risks.

For the approval of AMMTEC's annual financial reporting, the Managing Director and Chief Financial Officer state to the Board in writing that:

- The financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system which underpin the integrity of the Company's financial reporting is operating effectively in all material respects.