

1. PURPOSE

The Risk Management Policy (“Policy”) sets out the Company's approach to risk. The Policy sets the minimum standard for risk management as it applies to the Company’s business and operations.

The purpose of this Policy is to enable management to pursue Company Strategy and take advantage of potential opportunities whilst managing the potential adverse implications and risks associated therewith.

2. COMPLIANCE

This Policy applies in all jurisdictions in which Australis operates and applies to all Australis directors, officers, executives, employees, and other contracted Australis representatives (“**Australis Personnel**”). [All directors, officers, executives and employees are required to confirm in writing that they have understood this Policy as part of the Australis Induction Policy and Procedure - should this be stated in the other policies that the written induction confirm statement refers to?].

3. ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has delegated responsibility to the Audit and Risk Management Committee under the Audit and Risk Management Committee Charter to:

- a) ensure that the Company has established a policy for the oversight and management of material business risks;
- b) oversee the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material business risks throughout the Company
- c) monitor the action being taken by management in addressing unacceptable levels of risk or identified weaknesses in internal controls;
- d) ensure that the company’s systems of internal control include procedures for reporting immediately to management and/or the Board any major control weaknesses that are identified;
- e) review reports concerning material actual and suspected breaches of law, including fraud and theft and assess systems to manage this risk;
- f) review reports in relation to the Company’s internal financial control system;
- g) review the Company’s Risk Management policy on an annual basis.

4. RISK PROFILE

The Company considers that any risk that could have a material impact on its business should be included in its risk management profile. The risk profile of the Company can be categorised as follows:

- a) Strategic
- b) Market-related
- c) Oil industry related
- d) Safety
- e) Financial
- f) Operational
- g) Technological
- h) Environmental
- i) Reputational
- j) Legal, reporting and compliance.

5. RISK MONITORING AND REPORTING

Management will:

- a) Monitor and assess identified risks, [including material business risks, is this needed] on a regular basis.
- b) Any change in risk assessment or identification of a new material business risk will be reported to the Audit and Risk Management Committee at least every 6 months.
- c) Report to the Board on at least an annual basis any change in risk assessment or identification of a new material business risk.

- d) Report to the Board on at least an annual basis as to the effectiveness of the system of risk management and internal control.
- e) Report to the Board on at least an annual basis on the management of individual material business risks.

6. ADDITIONAL POLICIES AND PRACTICES

The Company maintains a number of policies and practices designed to manage specific business risks. These include:

- a) Regular budgeting and financial reporting

The Company has established a budgeting process. It is the role of the Audit and Risk Management Committee to review the integrity of the financial reporting of the Company including a review of variance analysis to budget. The Audit and Risk Management Committee is to ensure the Board is fully aware of matters which may significantly impact the financial conditions or affairs of the business on a timely basis

- b) Internal Control Procedures

Management have established a system of internal controls, including financial controls and other control and accountability processes as a basis for the administration of corporate governance.

The Company has adopted a Corporate Governance Manual available to all staff [where is this located – need to upload to intranet if we say we have one] which contains policies and procedures to assist the Company establish and maintain its governance practices.

- c) Designated limits and authorities for expenditure levels

The Board will establish Materiality Thresholds at least annually. These include quantitative and qualitative thresholds as well as triggers for the materiality of contracts.

- d) Procedures for compliance with continuous disclosure obligations under the Listing Rules of the Australian Securities Exchange and the Corporations Act.

7. RESPONSIBILITY TO STAKEHOLDERS

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's Risk Register.

8. ROLES AND RESPONSIBILITIES

The Board retains overall responsibility for reviewing, ratifying and monitoring systems of risk management and internal control and legal compliance and for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has delegated authority for these responsibilities to the Audit and Risk Management Committee

Implementation of the risk management system and day-to-day management of risk is the responsibility of the CEO, with the assistance of senior management, as required.

The CEO has responsibility for identifying, assessing, monitoring and managing risks. The CEO is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company listed in this Policy is updated to reflect any material change.

The CEO is required to report on the progress of, and on all matters associated with, risk management to the Audit and Risk Management Committee at least twice a year. The CEO is to report to the Audit and Risk Management Committee and the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

9. CONTINUOUS IMPROVEMENT

The ARMC will review this Policy and any Risk Management systems in place regularly in light of the development and growth of the Company's activities to ensure they remain appropriate and fit for purpose and report, at least annually and recommend any amendments to the policy or systems to the Board.

10. DEFINITIONS

For the purpose of this Policy the following definitions apply:

Australis of Company means Australis Oil & Gas Limited and its subsidiaries and joint ventures in which Australis and/or a subsidiary owns a controlling interest.

Australis Personnel means all Australis directors, officers, executives, employees, agents, independent consultants, contractors and other Australis representatives.

Company Secretary means the secretary of the **Company** from time to time.

Materiality Thresholds means those quantitative and qualitative thresholds as set out in the Risk Management Matrix and amended by the Board from time to time.

11. FURTHER INFORMATION

For further information, clarification or questions regarding the content or application of this policy please contact the Company Secretary.

Approved by the Board: 22 August 2019