

RISK MANAGEMENT POLICY

CATALPA RESOURCES LIMITED (“COMPANY”)

POLICY

- 1.1 The Company will maintain a risk management framework that will comply with Standards Australia Risk Management Standard and that seeks to:
- avoid the likelihood of unacceptable outcomes and costly surprises;
 - provide greater openness and transparency in decision making and ongoing management processes;
 - provide for a better understanding of issues associated with the Company's activities;
 - comprise an effective reporting framework for meeting corporate governance requirements;
 - allow an appropriate assessment of innovative processes to identify risks before they occur and allow informed judgement.

The Company's Board encourages management to foster an open culture of risk awareness and development and monitoring of processes that enhance the management of risk.

OBJECTIVES

- 2.1 The objectives of this risk management policy are to ensure a Risk Management Committee is formed to:
- provide a structured risk management framework that will provide senior management and the Board with comfort that the risks confronting the organization are identified and managed effectively;
 - create an integrated risk management process owned and managed by Company personnel that is both continuous and effective; and
 - ensure that the management of risk is integrated into the development of strategic and business plans, and the achievement of the Company's vision and values.
 - ensure the Board is regularly updated with reports by the Risk Management Committee;

RESPONSIBILITY

- 3.1 Management is responsible for efficient and effective risk management across the activities of the group. This will include ensuring the implementation of policies and procedures that address risk identification and control, training and reporting.
- 3.2 The Managing Director will be responsible for ensuring the process for managing risks is integrated within business planning and management activities.

REPORTING

- 4.1 Reports on Risk Management should be provided to the Audit Committee and the Board by the Managing Director or the executives responsible for the management of the individual risks.
- The Audit and Risk Management Committees will be responsible for monitoring the risk management process within the