



CENTAMIN EGYPT LIMITED

RISK MANAGEMENT POLICY

AUSTRALIA

57 Kishorn Road, Mt Pleasant, Western Australia 6153
Telephone 618 9316 2640 Facsimile 618 9316 2650

Email centamin@centamin.com.au

Website www.centamin.com.au ABN 86 007 700 352

EGYPT

361 El-Horreya Road, Sedi Gaber, Alexandria, Egypt
Telephone 203 541 1259 Facsimile 203 522 6350

1. Introduction

The Centamin Egypt Limited ("Centamin" or "the Company") Board of Directors ("the Board") recognises that risk management and internal control are key elements of good corporate governance. This Policy describes the manner in which Centamin identifies, assesses, monitors and manages risk.

This Policy embraces the principles contained in the Combined Code on Corporate Governance ("the Combined Code") and National Policy 58-201 – Corporate Governance Guidelines ("NI 58-201").

2. Statement of Policy

Centamin strives to:

- ❖ establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set boundaries for risk taking and apply fit-for-purpose risk responses including risk mitigation where appropriate;
- ❖ incorporate risk responses into a system of internal control which is designed to address opportunities, protect people, the environment and company assets, facilitate effective and efficient operations and help to ensure reliable reporting and compliance with applicable laws and regulations;
- ❖ monitor the effectiveness of the system of risk and internal control management;
- ❖ follow relevant group guidelines and standards which relate to particular types of risk; and
- ❖ provide an annual assurance regarding the extent of its compliance with this group policy.

Senior management is expected to:

- ❖ resource, operate and monitor the system of internal control;
- ❖ ensure that a risk based approach to internal control is communicated to staff, embedded in business processes and responsive to evolving risks;
- ❖ assign accountability for managing risks within agreed boundaries; and
- ❖ report the results of balanced assessments regarding the effectiveness of the risk based internal control system, including identified weaknesses or incidents, to executive management.

The goals of establishing and maintaining risk management procedures are as follows:-

- ❖ 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

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❖ Better utilisation of resources

Although the Board retains responsibility for assessing the effectiveness of the Company's systems for management of material business risks, the following Committees shall be established to assist the Board in internal control and business risk management:-

- ❖ Audit Committee
- ❖ Nomination and Remuneration Committee
- ❖ Compliance / Corporate Governance Committee

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 entity. 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 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.

Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee, which operates under a Charter approved by the Board. The Nomination and Remuneration Committee is responsible for determining and reviewing the compensation arrangement for Directors, the CFO and the Company Secretary.

Compliance / Corporate Governance Committee

The Board has established a Compliance / Corporate Governance Committee, which operates under a Charter approved by the Board. The Committee makes recommendations to the Board with respect to the formulation or re-formulation of and implementation, maintenance and monitoring of the Company's Corporate Compliance Program and Code of Conduct as may be modified, supplemented or replaced from time to time, designed to ensure compliance with Corporate policies and legal rules and regulations. The Committee oversees the Company's activities in the area of corporate compliance that may impact the Company's business operations or public image, in light of applicable government and industry standards, legal and business trends and public policy issues. The Committee pays particular attention to health and safety, environmental, archaeological and social responsibility issues addressed by the Company.

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3. Implementation of Policy

This policy is implemented within Centamin by:

- ❖ establishing and implementing across the group a formal risk management and internal control process;
- ❖ identifying from this projects, functions and corporate risks which may impact upon the group;
- ❖ regularly monitoring and assessing the performance and effectiveness of the risk management and internal control process;
- ❖ ensuring the risk management and internal control process is overseen by the Audit Committee of the Board; and
- ❖ requiring the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to certify to the Board that Centamin's risk management and internal control system is operating efficiently and effectively in all material respects.

4. Risk Management Process

Centamin has put in place an embedded risk management and internal compliance and control process ("Risk Management Process") which is based on the control framework for enterprise risk management prepared by the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) in 2001. The COSO model is one of three risk management processes recommended by the US Securities and Exchange Commission in response to the US Sarbanes Oxley Act 2002.

The Risk Management Process will enable the identification, assessment, monitoring and management of material risk throughout the group. It consists of eight interrelated components:

- ❖ *internal environment* - which involves setting the foundation for how risk and control are viewed and addressed by Centamin employees;
- ❖ *objective setting* - which involves ensuring that management has a process in place to set objectives and that the chosen objectives align with the company's mission and vision;
- ❖ *event identification* - which includes identifying internal and external factors that influence how potential events may affect strategy implementation and achievement of objectives;
- ❖ *risk assessment* - which requires an analysis of identified risks in order to form a basis for determining how they should be managed;
- ❖ *risk response* - which requires management to select an approach or set of actions to mitigate risks where appropriate taking into account Centamin's risk profile;
- ❖ *control activities* - which includes the establishment and execution of policies and procedures to help ensure that the risk responses management selected are effectively carried out;
- ❖ *information and communication* - which requires relevant information to be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities; and
- ❖ *monitoring* - which requires that the Risk Management Process be monitored, and modifications made as necessary, to ensure the system can react dynamically and change as conditions warrant.

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5. Implementation of Risk Management Process

The General Manager is responsible for implementing the Risk Management Process in a manner which is appropriate for the Company. This process is reviewed and monitored across the group by the Chief Financial Officer in conjunction with Centamin's auditors.

Responsibilities of the Chief Financial Officer include:

- ❖ providing a centralised co-ordinating point for the promotion and facilitation of risk management;
- ❖ promoting risk management competence and helping managers align risk definition and responses;
- ❖ reporting to the Chief Executive Officer on the progress and effectiveness of risk management.

6. Risk Profile

The operation of the Risk Management Process results in the identification of a number of industry risks which may impact on Centamin's business as a gold exploration and production group with international operations. These risks include but are not limited to:

- ❖ the availability and cost of reserves replacement and recovery;
- ❖ commercialisation of gold reserves;
- ❖ sovereign risk;
- ❖ exposure to gold price and exchange rates;
- ❖ production availability;
- ❖ technical and project management competencies;
- ❖ health, safety, environment and security risk; and
- ❖ exposure to debt.

These risks may change over time as the external environment changes and as Centamin expands its operations. The Risk Management Process requires regular reviews of Centamin's existing risks and the identification of any new and emerging risks facing the company, including financial and non-financial matters. It also requires the management (including mitigation where appropriate) of these risks.

7. Accountability

The CFO (or equivalent) and the CEO (or equivalent) are required to certify annual (via Form 52-109F1) and interim (via Form 52-109F2) filings prior to their release. The CFO (or equivalent) and the CEO (or equivalent) are also required to provide a declaration to the Board in accordance with section 295A of the Corporations Act, declaring that:

- ❖ the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
- ❖ the financial statements, and the notes referred to in paragraph 295(3)(b) for the financial year comply with the accounting standards; and

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- ❖ the financial statements and notes for the financial year give a true and fair view; and
- ❖ any other matters that are prescribed by the regulations for the purposes of this paragraph in relation to the financial statements and the notes for the financial year are satisfied.

8. Policy Review

The Audit Committee will, at least annually, conduct a review of this policy and the effectiveness of the Company's system of internal controls and will report to shareholders that they have done so.

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