

WEST AFRICAN RESOURCES LIMITED
ACN 121 539 375

RISK MANAGEMENT GUIDELINES AND POLICY

1 INTRODUCTION – “RECOGNISE AND MANAGE RISK”

These guidelines are to assist West African Resources Limited (“**Company**”) to establish a sound system of risk oversight and management and internal control. The system should be designed to:

- (a) identify, assess, monitor and manage risk; and
- (b) inform investors of material changes to the Company’s risk profile.

The Company will need to consider the risk factors applicable to its organisation and industry and draft a policy that addresses these risk factors. At a minimum the following areas of concern will be reviewed and considered by the Board:

Responsibility	Obligation
Accounts	Ensure compliance with the requirements to prepare, dispatch and file annual accounts as laid down by the Corporations Act 2001 (Cth), Listing Rules and the Australian Accounting Standards.
Care, diligence and honesty without conflict	Ensure that the Board can be seen to be acting in a manner that is in the best interests of the Company and its shareholders. Ensure the Company is operated in a safe and sound manner in conformity with all applicable regulatory requirements.
Illegally financing dealings by the company in its own shares	Section 260A of the Corporations Act prohibits companies from providing financial assistance to any person (with some exceptions) to enable them to purchase shares in those companies unless shareholder approval is obtained.
Insider trading	The law imposes a number of significant restrictions on directors and employees when they deal in their own company’s shares. As fiduciaries they must not use their position for their own gain or for the gain of any person other than the corporation.
Insolvent trading	The directors must not permit the company to trade whilst insolvent.
Offering securities	There are positive obligations on directors and officers to ensure that the offer documents and statements made in connection with the sale of securities are not false or misleading or material omissions: Part 6D.3 of the Corporations Act.

Responsibility	Obligation
Related party transactions	The Corporations Act contains strict limitations on the giving of financial benefits by public companies to related parties and their directors. Contravention of these provisions can attract a civil penalty. Anyone found guilty of inducing, aiding and abetting these prohibitions is also guilty of an offence.
Takeovers	The directors are bound by fiduciary duties to the Company as a whole and are bound to make full disclosure of relevant facts to all shareholders without regard to any element of favouritism in support of the interests of any party.

2 RISK MANAGEMENT POLICY

The Risk Management Committee is an integral part of the Company's structure.

There is no separate Risk Management Committee. The Risk Management Committee shall comprise the full Board which will, when considering matters of risk management, function in accordance with this Risk Management Committee Charter.

2.1 Role and responsibilities of the Committee

The Committee is responsible for identifying the risks that face the Company as an organisation. These will include both internal and external risks.

At least annually, the Board must review the effectiveness of the implementation of the risk management system.

2.2 Risk management

The key function of the Committee is to identify and more importantly prioritise risk arising from business strategies and activities. Risk must be identified to allow the Company to plan, assess and execute its strategies. Once risk has been identified and assessed, management and the Board will have the capacity to determine the level of risk that is acceptable to the Company. This assessment will also allow for the acceptance of risk designed to accomplish the Company's strategic plans.

In particular the Committee will:

- (a) research and review reference materials and background information relating to risk management in the Company's industry as a basis to assess whether or not the process used by the Company is appropriate and represents the best practices for the industry;
- (b) research and review current developments, trends, industry information related to the business conducted by the Company and other sources of information to determine risk and exposure that may affect the Company;
- (c) review corporate policies, the Board and Audit Committee members' meeting minutes to determine the Company's business strategies, risk management philosophy and methodology, appetite for risk and acceptance of risks;
- (d) review previous risk evaluation reports by management and external auditors;

- (e) conduct interviews with management staff to determine company objectives, and related risks and risk litigation and monitoring activities;
- (f) compile information to evaluate the effectiveness of risk litigation monitoring and communication of risks;
- (g) review the adequacy and timeliness of recording of risk management results;
- (h) review the completeness of management's risk analysis and actions taken to remedy issues raised by the risk management process;
- (i) determine the effectiveness of management self-assessment processes;
- (j) review risk related issues that may indicate weakness in risk management practices; and
- (k) formulate a formal Board risk management policy for future use in assessing, monitoring and responding to risk.

2.3 Risk Management Committee

The identification and proper management of risk within the Company is an important priority for the Board and management.

The Risk Management Committee monitors the Company's exposure to risks and implements and oversees the risk management policy. The principal objectives of the Committee are to ensure there is a clear understanding across the Company of all relevant obligations, to monitor compliance and, where issues are identified, to take prompt action to ensure compliance.

2.4 Risk management statement

The integrity of the Company's financial reporting relies upon a sound system of risk management and control. Accordingly, the chief executive officer and chief financial officer (or equivalent), to ensure management accountability, are required to provide a statement as required by Principle 7, Recommendation 7.2 of the ASX Corporate Governance Principles and Recommendations that the financial reports of the Company are based upon a sound risk management policy and the system is operating effectively in all material respects in relation to the reporting of financial risks.

2.5 Business risks

The Committee has implemented a system that identifies and manages areas of significant business risk. It receives regular reports from the Company's business divisions which outline areas of significant business risk and the management of those risks.

2.6 Internal control and risk management

The Committee has overall responsibility for the Company's internal control environment, and ensures that the Company has an integrated framework of control, based on formal procedures and appropriate delegation of authority and responsibility.

There is a disciplined approach to identification and management of risk.