



EMPIRE OIL & GAS NL

Risk Management Policy



Empire Oil & Gas NL

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ABN 55 063 613 730

229 Stirling Highway,
Claremont WA 6010

T: +61 8 9286 4600

F: +61 8 9284 6588

E: admin@empireoil.com.au

W: www.empireoil.com.au

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Policy Manager

Company Secretary

Approval Authority

Board of Directors

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30 June 2017 (annually)

Distribution Level

All officers, employees and
agents of Empire Oil & Gas NL

Version Reference

Board Approved –
Issued for Use

Purpose

This Policy sets out Empire Oil & Gas NL's (**Empire**) policy on risk management.

This Policy applies to all Directors on the Board, as well as all officers, the senior executives and all other employees of Empire.

Introduction

Risk influences every aspect of Empire. Empire recognises that an appropriate level of risk is required to seize growth opportunities and optimise returns to all stakeholders and therefore aims to ensure its culture, processes and structures are directed towards realising potential opportunities whilst managing adverse consequences.

Empire views the management of risks to its people, assets and all aspects of its operations as a fundamental responsibility. It is committed to upholding its corporate and legal obligations by implementing and maintaining a level of risk management that protects and supports these responsibilities.

Objective

Empire's objective is to apply good practice in identifying and managing risk. Empire will:

- take informed and considered risks;
- take a strategic and consistent approach to managing risk across Empire through the introduction of a risk management framework and associated activities that will assist in the creation and protection of value;
- comply with applicable laws and regulations;
- prepare reliable published financial information; and
- implement risk transfer strategies where appropriate e.g. insurance.

Empire will drive a culture of risk management throughout the organisation by keeping it as a top priority in all day-to-day operations and investment decisions, by the actions of the Chief Executive Officer/Managing Director and other executives in reinforcing its importance and by incorporating it into the personal objectives of each employee.

Policy

To realise its risk management objective, Empire will:

- identify and assess risks to Empire's business goals and objectives and understand how such risks influence performance;
- ensure that an appropriate risk management framework is in place, that it is aligned to Empire's business strategy and that it evolves with Empire's business;
- support the framework and strategy with an appropriate organisational structure and ensure that associated responsibilities are clearly defined and communicated at all levels;
- ensure that risk information is communicated through a clear and robust reporting structure;
- integrate ongoing risk management activities within the business; and
- monitor the performance of, and improve the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The proper administration of this Policy will contribute to sustaining value for stakeholders, including Employees.

Responsibility

Empire

Empire will disclose at least annually whether the Board (or a Committee of the Board) has completed a review of the Empire's risk management framework to satisfy itself that it continues to be sound.

Empire will disclose if it has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations) and, if it does, how Empire manages, or intends to manage, those risks.

The Empire Board

The Board is ultimately responsible for risk management in Empire and for communicating the requirements of this Policy.

The Board must satisfy itself that significant risks faced by Empire are being managed appropriately and that the system of risk management within Empire is robust enough to respond to changes in its business environment. The Board will also ensure that there is an appropriate organisation and reporting structure in place to support the delivery of this Policy on an ongoing basis. The Board will, amongst other things, rely on assessments and reports of the Audit and Risk Committee in discharging these responsibilities. The Board is to review assessments of the effectiveness of risk management and internal compliance and control at least annually.

The Audit and Risk Committee

The Audit and Risk Committee (**Committee**) is responsible for the oversight of the continuous development of risk management policy in Empire and for reviewing the implementation of risk management in compliance with the principles established.

To assist the Committee in discharging its responsibilities in relation to risk management, the Board has delegated certain risk management activities to the Committee. The responsibilities are contained in the Committee's charter. The Committee will initially review the adequacy and effectiveness of risk management at Empire and report on the same to the Board.

The Committee reviews and approves internal assurance plans, external audit plans, monitors risk reporting and will provide regular reports to the Board on its activities in monitoring the risk management framework. The Committee will make recommendations to the Board (at least annually) on amendments and improvements to the system of risk management.

The Committee is also to assist Management to determine:

- whether Empire has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations) and, if Empire does, how it manages, or intends to manage, those risks; and
- the key risks to the businesses and prioritise work to manage those risks.

The Chief Executive Officer/Managing Director

The Chief Executive Officer/Managing Director is responsible for overall risk management leadership, policy and program implementation, and for undertaking and assessing risk management and internal control effectiveness. The Company Secretary will support the Chief Executive Officer/Managing Director in discharging these responsibilities and is responsible for providing appropriate risk management resources to guide and support all Empire personnel in maintaining the risk management framework and the risk register.

The Company Secretary, on behalf of the Chief Executive Officer/Managing Director, is responsible for coordinating the regular reporting to the Audit and Risk Committee and the Board (at least annually). The Company Secretary will report on the Chief Executive Officer/Managing Director's assessment of the risk management and associated internal compliance and control procedures.

Senior Executives

Senior Executives and the Company Secretary are responsible for the implementation of the risk management process across Empire. This includes identifying and evaluating risks within their area of responsibility, implementing agreed actions to manage risks, reporting any activity or circumstances that may give rise to new or changed risks and monitoring the effectiveness of mitigation strategies. Senior Executives are also responsible for communicating the intent of the risk management policy and all other related policies to all staff under their control, and for ensuring their staff actively participate in the identification and management of risk.

Employees

All Employees have a general duty of care and are responsible for complying with requests from management in connection with the application of this policy. Through appropriate preventative action, all reasonable care should be taken to prevent loss and to make sure that Empire's operations, reputation and assets are not adversely affected.

Review of this Policy

The Audit and Risk Committee may review this policy from time to time and report to the Board to determine its appropriateness to the needs of Empire.

This Policy may be amended by resolution of the Board.

Who to Contact

Any questions relating to the interpretation of this Policy should be forwarded to the Company Secretary.

Disclosure

A copy of this Policy is available at www.empireoil.com.au.

Glossary

Term	Definition
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Board	means Empire's board of directors.
Chairman	means the person appointed as the chairman of the Board from time to time.
Chief Executive Officer	means the person appointed as Chief Executive Officer of Empire from time to time.
Company Secretary	means the person appointed as the company secretary of Empire from time to time.
Director	means the persons appointed as directors of Empire from time to time.
Empire	means Empire Oil & Gas NL ABN 55 063 613 730.
Employees	means any person employed by Empire or who otherwise acts as an agent of Empire or performs work for Empire as an independent contractor, including the Chief Executive Officer/Managing Director and other Senior Executives.
Management	means the senior management team (excluding Board members but including the Chief Executive Officer/Managing Director) of Empire, being those who have the opportunity to materially influence the integrity, strategy and operation of Empire and its financial performance.

Term	Definition
Managing Director	means the person appointed as Managing Director of Empire from time to time.
Policy	means this document or any amending or replacement document.
Senior Executives	means the senior management team (excluding Board members but including the Chief Executive Officer/Managing Director) of Empire, being those who have the opportunity to materially influence the integrity, strategy and operation of Empire and its financial performance