



RISK MANAGEMENT AND INTERNAL CONTROL POLICY

Overview

The board of Resolute Mining Limited ("RML") recognises the importance of identifying and controlling risks to ensure that they do not have a negative impact on the company. Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of the company, and to ensure the integrity of reporting.

Benefits of Risk Management and Internal Control Procedures

Some of the benefits identified in 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
- Increased preparedness for outside review
- Minimised disruptions
- Better utilisation of resources
- Strengthening culture for continued improvement
- Creating a best practice and quality organisation

Internal Control Policy

- The board is ultimately responsible for the internal control framework and risk management of the company and for regularly reviewing its effectiveness.
- The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the company's specific needs and the risks to which it is exposed.
- Annually, the board are responsible for identifying the risks facing the company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level. (Refer below in relation to the role of the audit committee in undertaking this task).
- The Board will review and discuss strategic risks and opportunities arising from changes in the company's business environment regularly and on an as needs basis.
- The board may delegate some of the abovementioned responsibility to committees of the board but maintain the overall responsibility for the process.
- The following committees shall be established to assist the board in internal control and business risk management:
 - Audit Committee
 - Remuneration and Nomination Committee
 - Environment and Community Development Committee
 - Safety, Security and Occupational Health Committee
 - Financial Risk Management 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 and ethical standards 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.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Chief Executive Officer, the executive committee and employees. Further, they are responsible for assisting the board in appointing and terminating (if necessary) members of the board.

Environment and Community Development Committee

The main responsibility of this committee is to monitor and review RML's environmental performance and compliance with relevant legislation and to oversee community development.

Safety, Security and Occupational Health Committee

The main functions of this committee are to oversee an employee education program designed to increase employee awareness to safety, security and health issues in the workplace and to monitor the safety statistics and report to the Board on the results of incident investigations.

Financial Risk Management Committee

The main responsibility of this Committee is to oversee risk management strategies in relation to gold and currency hedging, debt management, capital management, cash management, investments and insurance.

The above committees are responsible for reporting to the board.

- During the year the Board is responsible for reviewing the effectiveness of the company's system of internal control for the financial year. This review is to include financial, operational and compliance and risk controls.
- For any control which is not operating effectively, the Board is responsible for ensuring that the control issue is corrected and that the risk has a mitigating control which will reduce any risk to an acceptable level.
- Each financial year, the Chief Financial Officer and Chief Executive Officer are required to provide formal representations to the Board confirming that the company's financial report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and that the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- Every employee has a responsibility for ensuring that any known breach of an internal control is reported to the appropriate level such that it can be dealt with accordingly. Further, every employee is encouraged to identify and report to their manager any potential business risk. The manager is then responsible for ensuring that the business risk is mitigated by establishing appropriate controls and monitoring the effectiveness of controls. Any significant control defects should be reported to the board level. This may be achieved through the reporting of defects first to the audit committee.