1   Introduction

Phosphagenics Limited (the "**Company**") considers risk management fundamental to maintaining efficient and effective operations and generating and protecting Shareholder value. The management and oversight of risk is an ongoing process integral to the management and corporate governance of the Company's business.

2   Policy objectives and outcomes

The board of directors of the Company ("**Board**") determines the company's appetite and tolerance for risk and is committed to a risk management system that facilitates a culture of innovation. The Company's risk management system is designed to assist the company to achieve its strategic and operational objectives. It aligns with the vision, strategy, processes, technology and governance of the Company and provides for:

(a)   appropriate levels of risk taking and acceptance;

(b)   an effective system for the management of risk across the Company;

(c)   informed and effective strategy setting, decision making, planning and performance oversight; and

(d)   reliable and efficient execution of operations, programs and projects.

The risk management function is supported by the audit and risk management committee of the Board ("**Audit and Risk Management Committee**").

3   Key principles

The risk management policy objectives are supported by the following principles:

(a)   risk management is the responsibility of all Company employees. Each employee is empowered and expected to understand and manage risks within their responsibility and boundaries of authority when making decisions and undertaking day-to-day activities ;

(b)   risk management is front of mind and part of all of the Company's operations and processes. Risks to the achievement of Company objectives are rigorously considered and managed within decision making, operational execution and performance monitoring processes;

(c)   the Company's employees are expected to communicate risks and incidents openly, honestly and quickly.

(d)   the Company takes and accepts risks on the basis that the risks are actively considered and understood, and there is an appropriate return and capacity to manage those risks within the boundaries of the Company's risk appetite.

(e)   the Company regularly considers short and long-term risks in its internal and external environment.;

(f)   the Company collaborates and communicates across business areas and functions to ensure that risks are effectively managed. The Company positively recognises employees who think about and help others to manage risks; the Company ensures that is has plans in place to deal with unexpected events and business interruptions;

(g)   the Company complies with its legal, regulatory, company policy and contractual requirements.

4   Risk appetite and tolerance levels

The Company is aware that an overly cautious approach to risk management may have a harmful impact on the achievement of strategic and operational objectives. The Company will adopt a risk management strategy that aims to identify and minimise the potential for loss, while also maximising strategic opportunities for growth in profitability.

The Board sets risk appetite and tolerance levels for the Company.

5   Roles and responsibilities

(a)   Board responsibility

The Board has ultimate responsibility for risk management, including the oversight of the risk management framework. This includes: policies and procedures related to risk management, risk profile, risk management and assessing the effectiveness of risk oversight and management.

(b)   Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for advising the Board on risk management and compliance management and to assist the Board in fulfilling its risk management and oversight responsibilities, including oversight of the design, operation and adequacy of the risk management framework.

(c)   Chief Executive Officer and Senior Management

The Chief Executive Officer ("CEO"), supported by the executive management of the Company ("**Senior Management**"),is accountable and responsible to ensure the implementation of an effective risk management and internal control system, including systems, processes and controls in place to identify, assess, monitor and manage risk to an acceptable level.

(d)   Management

Management have primary responsibility for identifying, assessing, managing and monitoring risks related to the achievement of their own business area's objectives.

(e)   Employee responsibility

Each employee is empowered and expected to understand and manage risks within their responsibility and boundaries of authority when making decisions and undertaking day-to-day activities. All employees must report any new risks or changes to existing risks to their managers or supervisors as soon as they become aware of the risk.

Reporting

Senior Management must report new risks or changes to existing risks to the Chief Executive Officer as soon as practicable after becoming aware of the risk.

The intended outcomes of the risk management programme include:

(f)   the establishment of a robust risk management framework and internal control system that enhances the Company's ability to meet its strategic objectives;

(g)   improved operating performance and reliable internal and external reporting;

(h)   increased awareness and management of risk; and

(i)   compliance with policies and procedures and applicable laws and regulations.

This policy will be reviewed annually by Senior Management and the Audit and Risk Management Committee to ensure its effectiveness, continued application and relevance.

6   Application

This is a Company policy and it applies to all employees and contractors and to any other person notified that this policy applies to them.

7   Breach of Policy

Employees and contractors who do not comply with this policy may face disciplinary action.This disciplinary action may involve a verbal or written warning or, in serious cases, termination of employment or engagement with the Company.

8   Key supporting materials and references

This policy is supported by the Risk Management Framework, which is consistent with *ISO 31000:2009 Risk Management – Principles and Guidelines*, the global standard for risk management.