

Risk Management Policy

Approved by the Board with effect 28 September 2022

Risk management is a critical component of Botala Energy Ltd's (**Company**) governance that the Board will oversee and provide guidance to details of risk management. The Chief Executive Officer is charged with implementing appropriate risk systems within the Company. Aspects of this process may be delegated. Risk management is considered a key governance and management process and not merely an exercise to ensure regulatory compliance. The primary objectives of the Company's risk management system are to ensure:

1. all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
2. business decisions throughout the Company appropriately balance the risk and reward trade off;
3. regulatory compliance and integrity in reporting are achieved; and
4. senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives, the Company's risk management system covers:

1. operations risk;
2. financial reporting; and
3. compliance.

The Board reviews all major strategies and transactions and corporate actions for their impact on the risk facing the Company and makes appropriate recommendations. The Company also undertakes an annual review of operations to update its risk profile. This normally occurs in conjunction with the strategic planning process. The Company discloses in each reporting period that such a review has taken place. The Board undertakes a quarterly review of those areas of risk identified.

In addition, as specified by Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Chief Executive Officer and Chief Financial Officer conduct a review and provide a written declaration of assurance that their opinion, that the financial records of the Company for any financial period have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board of the Company has identified a range of specific risks that have the potential to have an adverse impact on its business.

These include:

1. operational risk;
2. regulatory risk;
3. environmental risks;
4. insurance risk;
5. litigation risks;
6. financial risk;
7. privacy and data breaches risks;
8. behaviour risks;
9. digital disruption risks;
10. cyber-security risks;
11. health risks, especially COVID-19 risk; HIV/Aids; and malaria risks.
12. political risk;
13. sustainability and climate change risks;
14. treasury and finance risks;
15. compliance risk; and
16. bribery, fraud and crime risks.