



CORPORATE GOVERNANCE POLICIES

RISK MANAGEMENT POLICY

An important facet of prudent corporate management is the identification of risks facing the operations of the Company and the management strategy to limit the extent of those risks.

The following risks have been identified and strategies to combat these risks are detailed below:

GENERAL RISKS

1. *EXPLORATION RISK*

The successful exploration and development of mineral properties is speculative. Most exploration projects do not result in the discovery of commercially minable deposits. The mineral tenements of the Company are at various stages of exploration. There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic molybdenum deposit.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability

MANAGEMENT STRATEGY

The use of industry best practice and utilisation of consultants in areas in which the Company does not have expertise will mitigate the risk of exploration success to the extent possible.

2. *OPERATING RISKS*

The operations of the Company may be affected by various factors, including failure to locate or identify Molybdenum deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated in March 2006, the Company does not have any operating history, although it should be noted that the Company's directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

MANAGEMENT STRATEGY

No assurances can be given that the Company will achieve commercial viability through the successful exploration of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses. The Company will utilise best industry practice in regards to exploration and production. Any development decision will require external review.

3. RESOURCE ESTIMATES

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely affect the Company's operations.

MANAGEMENT STRATEGY

All resource estimates prepared for the Company will be prepared by a person defined as a Competent Person as defined in the ASX Listing Rules. The Company will be vigilant with regards to updating reserves and resources as they may vary through depletion of resources or drilling results.

4. COMMODITY PRICE VOLATILITY AND EXCHANGE RATE RISKS

In the event that the Company achieves success leading to Molybdenum production the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

MANAGEMENT STRATEGY

The Company will seek financial advice from qualified experts with regards to hedging arrangements on both commodities and currencies. The Company will deal with only reputable financial advisors with a strong track record.

5. ENVIRONMENTAL RISKS

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities and other unforeseen circumstances which could subject the Company to extensive liability.

MANAGEMENT STRATEGY

The Company will utilise best industry practice with regards to the environmental management and will conduct field rehabilitation on an ongoing basis. A thorough environmental management programme will be prepared covering all exploration and mining activities.

6. TITLE RISKS

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

MANAGEMENT STRATEGY

The Company will ensure that all project management is conducted as required by the relevant government authorities and the Company will utilise external consultants in areas in which the Company does not have expertise.

The Company recognises that native title exists within Australia and will ensure that a thorough Native Title Policy is prepared. This policy will include commitments to:

- Establish and maintain effective, positive and frequent communications with indigenous groups; and
- Seek to identify all indigenous interests in the area in which the Company is operating or intends to operate, define the basis for these interests, and deal with those interests in accordance with the relevant government policy.

7. ADDITIONAL REQUIREMENTS FOR CAPITAL

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Additional equity financing may dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

MANAGEMENT STRATEGY

The Company will implement tight fiscal management and internal reporting procedures to ensure the Board is informed of the capital and operating requirements of the Company in order to effectively plan for future capital raising needs. Internal financial expertise and, where appropriate, consultation with external professional advisers will ensure the Company meets its financial obligations in the best interests of its stakeholders.

8. RELIANCE ON KEY MANAGEMENT

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management, the Directors and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

MANAGEMENT STRATEGY

All individuals involved in management and the Board are Key Individuals. All Key individuals have been provided with a material interest in the Company and therefore have a vested interest in the long term success of the Company. All Key Individuals have committed to the Company and have no current intention to depart the Company.

The departure of any Key Individual will require replacement from within the industry by a similarly qualified person. The Company will implement a remuneration committee to ensure key personnel are continually appropriately committed and provided with the incentive to achieve the Company's objectives.

This policy will be formally reviewed by the board each year.