

RISK MANAGEMENT

Compass faces a range of risks in its business activities. These risks include business risks, financial risks and compliance risks. Compass policy is to balance these risks with the rewards in conducting its business activities so as to meet its objectives of protecting and enhancing stakeholders' interests.

The Board of Compass is responsible for overseeing the activities of Compass, including its control and accountability systems to ensure that it is properly managed and constantly improved so as to protect and enhance stakeholders' interests. Part of these responsibilities includes monitoring and reviewing risk management systems, policies and practices and procedures to ensure compliance and, if required, implementation of risk mitigation measures.

Discharging these responsibilities includes the following:

- The Interim audit Committee/Audit Committee assists/will assist the Board with these responsibilities. In particular determining whether: the systems of control effectively safeguard the assets (both real and intangible); the accounting records are properly maintained; there is a sound system of risk oversight and management and internal control.
- An independent external audit is also performed on Compass' financial reporting.
- Internal assessments to identify and rank significant business risks arising from business activities. The results of these assessments are reported to management and the Audit Committee. External assistance is used in this process as deemed necessary in the circumstances.
- Professional due diligence and feasibility assessment prior to acquisition of interests and project decisions.
- Comprehensive and balanced insurance strategy.
- Regular reporting and assessment of OH & S; environmental; legal compliance.

This policy will be reviewed annually by the Audit Committee to ensure its effectiveness and relevance.