

## **HERON RESOURCES LTD**

### ***Risk Management Policy***

The Board is responsible for risk management and control and they examine and consider areas of significant business risk on an ongoing basis and implement policy to minimise exposure to these risks.

Arrangements put in place by the Board to monitor risk management include:

- detailed monthly reporting in respect of operations by the Managing Director and management; and
- completion of monthly statements of financial performance, financial position and cash flows compared to budget.

Commencing 30 June 2004 the Company's Managing Director and Company Secretary are required to report in writing to the Board that to the best of their knowledge:

- The financial statements of the Company for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material aspects.

The risk management policy of the Company will continue to be developed as its operations and risks evolve.

As the Company progressively moves from exploration to development to production, the Risk Management Policy will continue to evolve.