



ABN 92 111 723 883

WEB www.dyesol.com

Dyesol Limited

3 Dominion Place
Queanbeyan NSW
Australia

PO Box 6212
Queanbeyan NSW 2620
Australia

Phone: +61 2 6299 1592
Fax: +61 2 6299 1698

Email: dyesol@dyesol.com

Risk Management Policy

Introduction

Dyesol does not yet have a formal documented risk management strategy. However the following information outlines the Company's approach to risk management.

Policy

- All members of the Board are responsible for risk management and oversight of internal controls. The day-to-day responsibilities for risk management and internal controls rest with the Managing Director.
- The Managing Director reports on these matters, on an exception-reporting basis, to the Board of Directors as part of the monthly written report to Directors.

Strategy

The following is a summary of the current areas of risk and management strategies the Company has in place:

1. Financial

1.1 Internal Controls

The Managing Director's monthly report includes details of monthly spend, compares actual spend to budget and shows month end cash balance.

All major project expenditure must first be approved by the Board.

1.2 Insurance

The Company maintains insurance policies, including the following:

- Asset insurance
- Public liability insurance
- Workers compensation

Insurances currently under consideration include the following:

- Professional indemnity
- Product Liability
- Director and Officers Insurance
- Comprehensive Travel Insurance including evacuation options

The implementation of these insurance policies will depend on the phase of operation the Company has entered.

Insurances are reviewed semi-annually by the Managing Director, and reported to the Board.

1.3 Intellectual Property

The Company has an active policy of seeking patent protection and/or design registration for strategic technology developments in selected markets. This policy and the IP portfolio will be reviewed regularly by the Board.

1.4 IT

The Company's computer systems are regularly backed up for protection of electronic records.

Computer back ups will be stored off-site in an electronic form on tape, disc or other suitable storage media.

Each terminal is password protected, with access limited to Company employees and specified consultants only.

The computer network is protected by a firewall, anti-virus and internet security software.

2. Operational

2.1 Operational risk management is dealt with on a project-by-project basis and where required external consultants are engaged to report.

2.2 Experienced consultants have been appointed to assist with industrialising and scaling up the existing pilot production facility, to reduce the risk associated with this production technology development.

2.3 Safety is a standing item addressed by the Managing Director in the monthly report to the Board.

3. Organisational

3.1 Given the early technology nature of the Company's business, it is subject to general risks and certain specific risks. A summary of the major risk factors were set out in the Company's prospectus dated 27th June 2005. These risk factors remain relevant to the Company.

3.2 Staff will be required to sign a code of conduct and submit a declaration of interests. These documents aim to cover behaviour in the workplace, confidentiality, security of Company information and addresses potential conflict of interest.

Review of risk management

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