Market Price Risk Management Policy (Extract)

1. POLICY OVERVIEW

1.1 Purpose

Image Resources NL ("Image" or "IMA" or "the Company") seeks to maintain financial performance through the management of price and other risks associated with volatile foreign exchange markets.

1.2 Objectives

The objectives of the Market Price Risk Management Policy are to ensure:

- It provides structured and disciplined oversight to the process of identifying, measuring and managing market price risks across the Company;
- All material market price risks are made transparent and their potential impact on financial performance effectively communicated to the Board;
- An appropriate timeframe for measuring and managing market price risks is established;
- Potential risks to the Company's financial performance are maintained within desired limits, as far as practicable, reflect the Company's philosophical position; and,
- Timely, relevant and consistent risk management reporting.

1.3 Risk Governance Framework

Delegated Authorities

The Board has approved this Policy as the instrument of delegation to the Hedge Committee for the hedging activities of Image. The Hedge Committee will be responsible for the development and implementation of the hedging strategies of Image within this framework.

Hedging Execution and Approvals

The Managing Director and Chief Financial Officer are authorised to singularly transact hedges in line with the agreed hedging level limits and hedge execution limits.

1.4 Policy Amendment and Approval

The Board will review and approve the Policy on at least an annual basis to ensure it remains an accurate reflection of the Company's philosophical position and overall strategy. The Hedge Committee will review and maintain the Policy and associated detailed schedules as required to ensure they remain appropriate given revenue or cost expectations.

1.5 New Product Approval

All new hedging product or instrument requests are subject to review and approval by the Board.

1.6 Policy Compliance

The Board is responsible for ensuring that all personnel adhere to the Policy at all times.

Management is required to inform the Board of any circumstances in which it has reason to believe that it will not be able to maintain risk within the agreed levels.

2. RISK MANAGEMENT PHILOSOPHY

The Market Price Risk Management Policy is designed to reflect the philosophical position of the Company in relation to foreign exchange risks and to set out the broad principles under which the philosophy will be reflected in practice.

Not possible to predict

In the development of this Policy, Image has adopted the philosophical position that it is not possible to predict the future price path of the foreign exchange markets to which it is exposed.

Certainty may come at the price of opportunity loss

Image believes that, in order to give an acceptable level of certainty to the cashflow and profitability of the business, there are times when it is appropriate to enter into hedging arrangements that remove or reduce risk to future adverse movements in foreign exchange rates to which it is significantly exposed.

Defending medium term profitability the driver to allow time to adjust to changed circumstances

The primary objective of the risk management activities of Image should be to continually monitor its risk profile and to investigate and execute strategies for maintaining the value of the business. This will be achieved through the prudent use of financial instruments and hedging structures that are appropriate to this philosophical position and the broader corporate strategy.

Regular review and adjustment essential on rolling profile

To give effect to this philosophy, Image needs to not only monitor exchange rates to which it is exposed, but also to regularly review its projected revenue profile and the related exposures.

Commitments should reduce with tenor and uncertainty

While short term movements or trends may be discernible to some extent, the uncertainty around the future price path of financial markets increases with time. Similarly, it is accepted that increases in uncertainty around export volumes and the associated forecast net USD revenues increase with time. It is for these reasons that a guiding principle of this Policy is to recognise that the proportional use of committed hedging products (as a percentage of revenue or costs) should reduce over time.

Accelerating deliveries into out of the money hedges

There are times where hedges will need to be placed further into the future than might be considered ideal (e.g. a bank's requirement to offset long term debt service obligations). If, in later periods, hedges in the current and future periods are out of the money, consideration should always be given to accelerating deliveries into those hedges.

3. RISK IDENTIFICATION

3.1 Market Risk

For the purpose of the Market Price Risk Management Policy, risk is defined as the potential for financial loss resulting from adverse movements in exchange rates and prices used to value physical products and financial instruments associated with export activity.

Specifically, Image identifies, measures and manages the following market risk:

- **Foreign Exchange Risk**
  As an exporter with revenues denominated in USD, any significant and sustained depreciation of the USD against the AUD could serve to materially reduce Image's net revenues and profitability.

3.2 Credit Risk

Credit risk is the risk of financial loss arising from the failure of a counterparty to perform its obligations under a contract.

The credit risk to hedge providers must be assessed with respect to any hedging activity.

3.3 Other Financial Risks

Image recognises that it is exposed to other financial risks (eg: liquidity risk and finance operational risk), however, these are out of scope for the purpose of this Policy.

Approved by the Board – 23 February 2023