

Risk Management Policy

NGE Capital Limited
ABN 31 112 618 238

Contents

NGE Capital Limited	1
1. Introduction	3
2. Objective	3
3. Accountabilities	3
4. Mitigation Strategies	5
5. Risk Management Process	5
6. Review of this Policy	6

Risk Management Policy

1. Introduction

- 1.1 The Company is committed to following good corporate governance practice in relation to risk management and ensuring appropriate disclosure to shareholders regarding the Company's risk management practices and any material changes to the Company's risk profile.

2. Objective

- 2.1 The objective of the Company's risk management system is to:
- (1) identify, assess, monitor and manage risk;
 - (2) respond to risks in a way that protects established value in the Company and at the same time create value for the Company and its shareholders; and
 - (3) identify material changes to the Company's risk profile.

3. Accountabilities

3.1 The Board

The Board is responsible for:

- (1) reviewing and assessing the effectiveness of the Company's system of risk management and internal control at least annually; and
- (2) assessing the effectiveness of the Company's system for the management of material business risks.
- (3) Monitoring management's performance against the Company's risk management framework
- (4) Reviewing any material incident involving fraud or a breakdown of the Company's risk controls and the "lessons learnt"
- (5) Overseeing the Company's insurance program, having regard to the Company's businesses and the insurable risks associated with the businesses.

3.2 The Audit Committee

The Audit Committee assists the Board of Directors of the Company (**Board**) in fulfilling its corporate governance and oversight responsibilities by monitoring and reviewing:

- (1) the integrity of the Company's financial statements
- (2) the effectiveness of internal financial controls; and
- (3) the independence, objectivity and competency of internal auditors (if any) and external auditors.

The Audit Committee is responsible for:

- (1) providing the Board with advice and recommendations regarding the establishment and ongoing development of risk oversight and management policies;
- (2) the establishment and implementation of a risk management system for identifying, assessing, monitoring and managing risk throughout the organisation;
- (3) ensuring that the appropriate senior managers establish and implement the Company's risk management system;
- (4) reviewing the effectiveness of the Company's implementation of the risk management system at least once a year; and
- (5) regularly reviewing and updating the Company's risk oversight function and risk management policies as appropriate.
- (6) Periodically reviewing the need for an internal audit function

3.3 Management

The Executive Chairman is responsible for:

- (1) designing, implementing and regularly reviewing the Company's risk management system; and
- (2) reporting regularly to the Board on the effectiveness of the Company's management of its material business risks and the effectiveness of the Company's risk management system.

The Executive Chairman and Chief Financial Officer of the Company are required to provide a declaration on an annual basis in accordance with section 295A of the *Corporations Act 2001* to the effect in their opinion the Company's financial statements have been properly maintained and comply with the accounting standards and give a true and fair view based on a sound system of risk management as well as internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

3.4 External Audit

External audit will provide an opinion on the truth and fairness of NGE Capital's annual financial statements. The external audit approach is to obtain an understanding of the Company's internal controls, sufficient to identify and assess the risks of material misstatements of the financial report whether it be due to fraud, misappropriation, error or omission.

4. Mitigation Strategies

4.1 The Board and senior management have adopted a number of policies and procedures to manage the Company's material business risks including without limitation:

- (1) establishing a risk management process;
- (2) establishing and maintaining various insurance policies;
- (3) establishing expenditure authority limits; and
- (4) establishing a Code of Conduct.

4.2 The Company has developed a Risk Matrix which:

- (1) identifies the material business risks facing the Company;
- (2) assesses the potential impact of the risks;
- (3) details the mitigation strategies to minimise the risks; and
- (4) allocates responsibilities for the risks.

The Company's Risk Matrix is a working document which is regularly reviewed by senior management and is reviewed at each Board meeting.

5. Risk Management Process

Any material decisions of the Company, and in particular material investment decisions, should be made with reference to the risk management process as set out below:

Stage 1	Identify the risk
Stage 2	Determine the consequence of the risk
Stage 3	Determine the likelihood of the risk occurring
Stage 4	Determine if risk level is acceptable with reference to the Risk Management Policy
Stage 5	Develop actions to mitigate risk consequences

6. Review of this Policy

This Policy shall be reviewed annually and revised by the Board as required.