
Energy Developments Limited

RISK MANAGEMENT POLICY

Principles

Risk recognition and management are viewed by Energy Developments as integral to the Company's objectives of creating and maintaining shareholder value, and the successful execution of Energy Developments' strategies.

The Board as a whole is responsible for oversight of the processes by which risk is considered for both ongoing operations and prospective actions. In specific areas, it is assisted by the Audit and Risk Committee.

Management is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Not all aspects of risk management can be formalised, and Energy Developments places considerable reliance on the skill, experience and judgement of its people to take risk managed decisions within the policy framework, and to communicate openly on all risk related matters.

Risk Framework

Key elements of the framework for the management of risk by Energy Developments are:

- Oversight of the company's financial affairs by the Audit and Risk Committee.
- The annual planning and budgeting process.
- Regular performance reporting enabling the identification of performance against targets and evaluation of trends.
- Approval guidelines for capital and investments.
- Regular reporting to management and Board of operational matters.
- Regulatory compliance programmes and reporting in key areas such as safety, environment and trade practices.
- Procedures for the management of financial risk and treasury operations.
- A comprehensive annual insurance programme.
- Establishing and maintaining an effective control environment
- Ongoing training and development programmes.

Risk Evaluation and Control

The management team, under the leadership of the Managing Director, is requested to draw together from within their ranks a group which periodically meets to identify and

assess specific business risks. The group has experience in all of Energy Developments' activities and is broadly conversant with Energy Developments' business plans, objectives and values.

Based on reviews of each segment of Energy Developments' business, an overall profile of the risks of Energy Developments is established.

- Identified risks are assessed in terms of potential consequences and likelihood.
- Risks are ranked in accordance with their likely impact.
- The acceptability of each identified risk is assessed.
- Proposed actions to eliminate, reduce or manage each material risk are considered and agreed.
- Responsibilities for the management of each risk are assigned.

The overall results of this assessment are presented to the Board at least annually, and updated as needed.

Periodic review is made at least annually of the effectiveness and suitability of the risk management plan.