

Risk Management Policy

1 Overview

NuCoal Resources Ltd ACN 060 352 990 (the **Company**) and its subsidiaries (the **Group**) have developed a risk management policy which covers organisational, financial and operational aspects of the Group's affairs. The Board, through its relevant sub-committees, is responsible for ensuring maintenance of, and compliance with appropriate systems of risk management. Effective management of risk is central to creating shareholder value and the success of the Group.

By understanding, managing and, where appropriate, accepting risk, the Group can make well-informed decisions and create shareholder value with increased confidence.

This risk management policy (the **Policy**) forms part of the internal controls and corporate governance of the Group. This Policy outlines how the Group:

- identifies risks and formulate actions for mitigating risks;
- promotes a more risk aware culture; and
- protects the Group's assets and image.

2 Types of Risk

The main business activity of the Group is the acquisition, exploration, development and operation of mining projects which has the potential to expose the Group to:

- operational;
- environmental;
- sustainability;
- legal and regulatory; strategic;
- financial, including financial reporting; and
- market-related risks.

The Group has in place systems to manage all identified and significant risks associated with the Group's business. The risk management framework adopted by the Group identifies risks to the extent appropriate, seeks to manage and mitigate the potential adverse effects risks can have on both shareholder value and the legitimate interests of other stakeholders.

3 Risk Management System Overview

The Group has adopted a structured and considered approach to risk management, which assists in the alignment and reinforcement of strategy, procedures, people, behaviour and technology evaluating and managing the risks the Group faces in protecting and creating shareholder value.

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The Group has developed a policy framework for risk management which includes:

- identifying risk;
- analysing risk;
- evaluating risk; and
- treatment of risk.

3.1 Identifying Risk

Risk identification is used to identify the Group’s exposure to uncertainty. Material types of business risks are noted within Section 2 of this Policy.

3.2 Analysing Risk

Risk analysis involves the consideration by the Group of the sources of risk, the likely consequences, probability and the likelihood of the recurrence of the risk.

3.3 Evaluating Risk

The evaluation of risk involves consideration and comparison of the level of risk found from the analysis process against the risk thresholds of the Group. Risks are evaluated through assessment of likelihood and consequence in accordance with the risk matrix below.

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium	High	High	Extreme	Extreme
Likely	Medium	Medium	High	Extreme	Extreme
Possible	Low	Medium	High	High	Extreme
Unlikely	Low	Low	Medium	High	High
Rare	Low	Low	Medium	Medium	High

3.4 Treatment of Risk

The treatment of risk by the Group involves identifying the range of options for treating risk, assessing the options, preparing risk and mitigation plans and implementing them.

4 Roles and Responsibilities

All risks identified by the Group are included within the Group’s risk management register. The risks identified are assigned to individuals within the management team for ongoing monitoring and mitigation.

The Group utilises its risk management system as the system of internal controls for the identification and management of financial reporting risks including a system of internal sign-offs to ensure the Group is in compliance with its legal obligations. The Board and Chief Financial Officer of the Group provide assurances to the Board as to the integrity of the Company's financial reports and the risk management and internal control processes underlying those reports.

The Board has ultimate responsibility for the risk management of the Group and reviews the Group's risk management framework at least annually to satisfy itself that it continues to be appropriate. This review is to be completed in conjunction with both the Audit and Financial Risk Committee and the Non Financial Risk Committee of the Board (refer section 4.2 below for further information).

At the end of each reporting period the Group will report on whether such a review has taken place and also disclose any insights gained from the review and changes made to the risk management framework as a result.

4.1 Communication and documentation of risk

Effective communication of the risk management process is the responsibility of the Risk Management Officer appointed by the Board from time to time.

The Risk Management Officer is responsible for maintaining the Group's risk register and reporting identified risks in a timely fashion according to the procedures documented in this policy.

4.2 Role of the Audit and Financial Risk Committee and the Non-Financial Risk Committee

The Board has established an Audit and Financial Risk Committee and the Non-Financial Risk Committee to consider specific matters and make recommendations to the Board in respect of financial and non-financial risks arising from the activities of the Group.

In assisting the Board (and without limiting its scope), the Board sub committees assess the Group's risk management framework to ensure it appropriately reflects the Group's risk profile. In carrying out this role, the sub committees will:

- review and assess the adequacy of the Group's systems of risk management, internal compliance and control;
- review and assess the effectiveness and efficiency of the Group's risk management systems so that risks are identified and that appropriate risk management systems are in place;
- understand the processes management has implemented for managing insurable risks and, if applicable, self-insurance, including assessing the adequacy of insurance cover;
- review any periodic risk management reports prepared by the executive management and risk owners; and
- review the operational contingency planning systems within the Group to ensure risks and critical systems are identified and that appropriate contingency plans are in place.

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5 Review

The Company Secretary will conduct an annual review of this Policy to ensure that it continues to reflect the most current guidance provided by the ASX and internal company requirements.

The Board will approve any amendments to this Policy.

6 Publication of the Policy

This Policy is made available to all directors and staff of the Group and published on the Group's website www.nucoal.com.au.

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