

RISK MANAGEMENT AND INTERNAL CONTROL POLICY

1. Purpose and Objectives

The Board of Altus Renewables Limited (“Altus”) recognises that the establishment of a sound system of risk oversight and management and internal control is a fundamental requirement of good corporate governance. This policy describes the manner in which Altus identifies, assesses, monitors and manages risk.

The Audit and Risk Committee has been delegated responsibility to oversee the system of risk management and internal control within Altus and regularly reports to the Board on the effectiveness of operation of the system.

2. Policy

Every operating department within Altus is expected to:

- (a) establish clear objectives, identify and evaluate the significant risks to the achievement of those objectives, set limits for risk taking and develop effective risk mitigation strategies;
- (b) incorporate risk management strategies into a system of internal control which is designed to enhance the process for identifying and capitalising on opportunities to create value, protect people, the environment and safeguard company assets, facilitate effective and efficient operations and supports reliable reporting and compliance with applicable laws and regulations;
- (c) monitor the effectiveness of the system;
- (d) comply with relevant Altus policies, guidelines and standards; and
- (e) provide an annual assurance regarding the extent of its compliance.

Within each department, management is expected to:

- (a) resource, operate and monitor the system of internal control;
- (b) delegate authorities for approving transactions in their respective areas;
- (c) ensure that a risk based approach to internal control is communicated to staff, embedded in business processes and responsive to changing circumstances;
- (d) assign accountability for managing risks within the agreed parameters; and
- (e) report the results of reviews and investigations into the effectiveness of the risk based internal control system, including identified weaknesses or incidents, to senior management and the Audit and Risk Committee.

3. Procedure

The Business Risk and Internal Control Policy is implemented by:

- (a) establishing and operating a formal risk management and internal control system as endorsed by the Board;
- (b) identifying from this risk management and internal control system specific project, departmental and corporate risks;
- (c) regularly monitoring and assessing the performance and effectiveness of the risk management system through internal reviews and the external audit programme;
- (d) requiring the Chief Executive Officer/Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) to certify to the Board that;
 - the integrity of financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board;
 - the Company's risk management and internal control system is operating efficiently and effectively in all material respects.

4. Risk Profile

The operation of Altus' risk management and internal control system results in the identification of a number of material risks which may impact on Altus' business as a producer and marketer of biomass based fuels for the generation of renewable energy. These risks include but are not limited to:

- competition from alternative energy sources and providers;
- industry risks such as land access, biomass supply, government policy, legislative amendments, contractual compliance, native title and heritage and environmental legislation, industrial disputes, cost overruns, governmental approval, licensing and approval processes and other unforeseen contingencies;
- technical and project management competencies;
- health, safety, environmental and security risk;
- exposure to financial markets; and
- the availability of commercial insurances to mitigate identified business risks.

These risks may change over time as the external environment changes and as Altus expands its operations. The risk management process requires regular reviews of Altus's existing risks and identification and management (including mitigation where appropriate) of any new and emerging risks facing Altus, including financial and non-financial items.

This policy is subject to regular review by the Board and will be amended as and when appropriate.

Approved by the Board

Date: 10 November 2009