

RISK MANAGEMENT POLICY

Risk is the chance of something happening that will have an impact on objectives.

The purpose of risk management is to identify potential events that may impact on the company, quantify the impact and likelihood of the occurrence and then manage the risk in accordance with the company's risk appetite.

Coppermoly Ltd is committed to the full integration of a pro-active risk culture via the process of identification, communication and mitigation in accordance with the ASX Corporate Governance Principles and Recommendations embedded into all aspects of corporate activity.

Coppermoly aims to achieve a balance between realising opportunities for gains whilst minimising losses. Whilst the Board acknowledges that it is responsible for the overall internal control framework, it is also cognisant that no cost effective internal control system will preclude all errors and irregularities.

Coppermoly, whilst being committed to the philosophy of effective risk management as a core management capability, is primarily required to create growth of long-term shareholder wealth. To this end, the Company must pursue opportunities that involve some degree of risk. Shareholders and stakeholders must expect that optimisation of such rewards are only gained from this degree of risk taking.

Coppermoly's Risk Management Policy seeks to ensure that its physical, financial and human resources will be applied to enable the Company to operate in a safe and productive manner.

The Risk Management system is implemented to ensure the identification, assessment and management of risks across the operations.

The key elements are:

- The Board reviews the Company's risk management systems and control frameworks and the effectiveness of their implementation and the management of risk at its regular meetings.
- Establishment of risk mitigation / control plans to address significant risks.
- The Board or senior management may consult with the external advisors on risk matters as required.
- The Company annually reviews current insurance policies.

1. BOARD RESPONSIBILITY

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategies and policies, internal compliance and control.

The Company's risk management systems and control frameworks for identifying, assessing, monitoring and managing its material risks, as established by the Board, in conjunction with the management and include:

- Establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives.
- Define the Company's Risk Appetite (the amount of risk a director or Board will accept in meeting its goals). In defining risk appetite for the company, the board ensures that the appetite aligns to the risk culture, the mission, vision and values of the company
- Continuous identification and reaction to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks.

- Formulating risk management strategies to manage identified risks and the design and implementation of appropriate risk management policies and internal controls.
- Monitoring performance of and continuously improving the effectiveness of risk management systems and internal compliance and controls including an ongoing assessment of their effectiveness.
- The approving, implementing and reviewing of the Company's overall risk management, internal controls and systems.
- The comprehensive system of budgeting, forecasting and reporting to the Board.
- Approval procedures for significant capital expenditure above threshold levels.
- Regular reviews of all areas of significant financial risk and all significant transactions not part of the Company's normal business activities.
- Regular reporting to the Board by management on the management of risk.
- Comprehensive written policies in relation to corporate governance issues and business activities.
- Regular communication and review processes between the Board and management.

2. RISK MANAGEMENT COMMITTEE

When it sits the Company's Risk Management Committee is comprised of the same members as the Planning and Operations Committee.

If in place the Risk Management Committee meets at least once a year. Minutes of the Committee are tabled at the next subsequent Meeting of the Board of Directors. The "Risk Management Procedure" is formally documented and approved by the Board and is implemented through the Risk Management Committee.

From time to time the size and composition of the Board and executive of the Company may make it more appropriate to perform the functions of the Risk Management Committee at Board level rather than committee level.



Dr Wanfu Huang
NON-EXECUTIVE DIRECTOR

18 September 2015

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