RISK MANAGEMENT POLICY

1. INTRODUCTION

1.1 This Policy sets out Marindi Metals Ltd ("Marindi" or the "Company") system of risk oversight, management of material business risks and internal control.

1.2 Marindi recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company.

1.3 To the extent practicable, the Company has followed the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (2nd Edition).

2. PURPOSE

The purpose of this Policy is to:

(i) encourage an appropriate level of risk tolerance throughout the Company;

(ii) establish a risk management framework for the Company; and

(iii) ensure Marindi has a risk management framework that can measurably react should the risk profile of the Company change.

3. RISK APPETITE

3.1 An important factor in the Company's Risk Management Framework is the extent of willingness in the Company to take risks in pursuit of its business objectives (called the "risk appetite").

3.2 The key determinants of risk appetite are as follows:

(i) shareholder and investor preferences and expectations;

(ii) expected business performance (return on capital);

(iii) the capital needed to support risk taking;

(iv) the culture of the organisation;

(v) management experience along with risk and control management skills; and

(vi) longer term strategic priorities.

3.3 The Board and management monitor the risk appetite of the Company relative to Marindi's actual results to ensure an appropriate level of risk tolerance throughout the Company.

4. RISK MANAGEMENT FRAMEWORK

4.1 Marindi believes that risk should be managed and monitored on a continuous basis.

4.2 The Company's approach to risk management is summarised below:

4.2.1 Identification of risks

Key categories of risk are identified by Marindi and regularly reviewed and updated.

4.2.2 Assessment of risks

The likelihood and impact of identified risks are assessed.

4.2.3 Measurement and control

Identified risks are then considered and the manner in which the risk is to be managed and controlled is then determined and agreed. The generally accepted options are:

- accept the risk (where it is assessed the risk is acceptable or if avoiding the risk presents a greater risk through lost opportunity)
- manage the risk (through controls and procedures)
- avoid the risk (stop the activity)
- transfer the risk (outsourcing arrangements)
- finance the risk (through insurance)

4.2.4 Continuous assessment

Risk management requires a continuing cycle of implementing, monitoring, reviewing and managing risk.

5. RISK PROFILE

The identification and effective management of risks is important in Marindi's achieving strategic and business objectives. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

5.1 Strategic Risks

- Lack of responsiveness to changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations;
- Ineffective or poor strategies developed;
- Ineffective execution of strategies.

5.2 Financial Risks

- Financial performance does not meet expectations;
- Capital is not effectively utilised or managed;
- Cash flow is inadequate to meet financial obligations;
- Financial results are incorrectly accounted for or disclosed; and
- Credit, market and/or tax risk is not understood or managed effectively.

5.3 Operational Risks

- Failure to locate or identify mineral deposits;
- Failure to achieve commercial grades in exploration and mining;
- Operational and technical difficulties encountered in exploration;
- Mechanical failure or plant breakdown;
- Unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and supply of key services such as drilling;
- Adverse weather conditions;
- Industrial and environmental accidents;
- Industrial disputes;
- Failure to meet expenditure commitments on prospecting and exploration licences and mining leases;

5.4 People Risks

- Inability to attract and retain quality and appropriate people;
- Inadequate succession planning; and
- An inappropriate culture.

5.5 Legal and Regulatory Risks

- Legal and commercial rights and obligations are not clearly defined or understood; and
- Commercial interests not adequately protected by legal agreements.

5.6 Compliance Risks

- Non conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

6. RISK OVERSIGHT

6.1 Governance Structure

Marindi's Risk Management Framework is supported by the Board of Directors, management and the Audit and Risk Committee.

6.2 Board of Directors

The Board is responsible for approving and reviewing Marindi's risk management strategy and policy.

6.3 Management

6.3.1 To assist the Board in discharging its responsibility in relation to risk management, the Board may delegate certain responsibilities to management.

6.3.2 Management are responsible for monitoring that appropriate processes are in place to effectively and efficiently manage risk.

6.3.3 When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement, signed by the Executive Director and Chairman of the Audit and Risk Committee (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

6.3.4 Similarly, in a separate written statement the Executive Director and the Chairman of the Audit and Risk Committee also confirm to the Board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

6.4 Audit and Risk Committee

6.4.1 The Audit and Risk Committee is a committee of the Board, with delegated responsibilities in relation to risk management and the financial reporting process at Marindi.

6.4.2 The Committee is also responsible for monitoring overall compliance with laws and regulations.

6.4.3 The responsibilities of this Committee are contained in the Committee's charter, a copy of which is available on the Company's website: www.marindi.com.au.

6.5 Assurance

There are different levels of assurance in relation to the effectiveness and efficiency of Marindi's Risk Management Framework. At first instance, assurance is provided from management. Assurance also comes from the monitoring and oversight undertaken by the Audit and Risk Committee, as well as from the independent testing, review and reporting undertaken by external audit. Independent external auditors are engaged by Marindi to provide an audit opinion as required by law. Reviews may also performed by regulators.

6.6 People and Culture

Having the right people and promoting an appropriate risk culture are critical to the future success of Marindi. As a result, the Company is committed to fostering a culture of risk awareness, transparency and responsiveness.

7. REVIEW OF POLICY

The Board will review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities.

8. PUBLICATION OF POLICY

This Policy will be available on the Company's website and the key features will be published in the annual report.

Approved by the Board of Marindi Metals Ltd on 25 June 2009.