

CORPORATE GOVERNANCE RISK MANAGEMENT FRAMEWORK

Oversight of the Risk Management and Internal Control System

The Board of **Red Hill Minerals Limited (the Company)** oversees the establishment, implementation and review of the Company's risk management and internal control system. Management has designed and implemented the risk management and internal control system for assessing, monitoring and managing operational, financial reporting and compliance risks for the Company. Financial reporting risk management and associated compliance and controls are assessed annually and have been found to be operating efficiently and effectively. Operational and other compliance risk management is also assessed regularly for effectiveness.

Risk profile – Business Risk Register

The Board regularly reviews the status of risks outlined in the register, as well as identifying new or potential risks and ensures that they are appropriately managed.

The major risks to the business are identified as follows:

- security of tenure of exploration tenements - including native title risk and joint venture status/title risk
- security of cash assets – risk of misappropriation or bank failure
- exploration - risk of lack of success in discovering new assets
- development – risk of development of the Company's identified Resources being delayed indefinitely
- contractual and other legal risks
- funding – risk of not being able to replenish depleting shareholder funds
- retention of key personnel
- environment - breaches of environmental regulations
- commodity price declines – to the extent that they impair the value of assets and the ability to secure funding
- workplace health and safety
- government policy changes
- financial reporting – misstatement of financial reports and breaches of reporting regulatory framework

Measures have been established to mitigate these risks, including ensuring that:

- exploration expenditure is incurred in accordance with an approved budget
- joint ventures and project acquisitions are properly authorised and executed
- use of third party joint venture funding to help fund exploration expenditure
- internal controls and spreading cash deposits over major financial institutions to protect cash assets
- insurance cover for public liability and personnel injury
- maintaining quality and integrity of personnel
- accurate and reliable financial reporting as well as compliance with the financial reporting regulatory framework
- CEO/CFO sign off to the board in respect of quarterly, half-yearly and annual financial statements
- environmental regulation compliance
- occupational health and safety standards are monitored and reviewed to achieve high standards of performance.

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