



RISK MANAGEMENT POLICY

1. PURPOSE

The purpose of this policy is to identify risks that arise from the operations of Santa Fe Minerals Limited ("**Company**"), quantify the impact and likelihood of that risk event occurring and manage the risk in accordance with the company's level of risk tolerance.

The objectives of the policy are to:

1. ensure that the Company establishes a culture that encourages risk identification, assessment and management;
2. ensure that the Company complies with all relevant laws, regulations and contractual obligations and appropriate recognition is given to the Company's social and community obligations;
3. ensure that the Company has in place a structured and effective approach to risk management, taking into account the business environment in which the Company operates and the Company's assessed level of risk tolerance;
4. ensure that effective monitoring and regular reporting of risk, under the new risk management program is conducted.

2. SCOPE

This policy sets out the broad principles, responsibilities and practices that are used to manage the Company risk exposure and the risk management systems and internal controls that the Company uses to respond to those risks.

3. POLICY

3.1 Risk Strategy and Risk Tolerance

The Company is committed to building a sound foundation of quality control systems and a culture that identifies and manages the risks associated with the level of risk tolerance set by the Board.

Risk is an inherent part of the company's operations. The Board recognises that its level of risk tolerance must be set at a level consistent with the overall operations of the Company. Therefore, as the Company moves through its different business development stages, the risk tolerance shall be managed within levels consistent with the ongoing nature of the company's operations.

4. Risk Management

The Company has completed a strategic risk assessment to formally identify, collate and prioritise material business risks and has adopted a framework for risk management that covers the following areas:

- Ongoing assessment of the Company's tolerance to risk;
- Material risk identification;
- Material risk assessment;
- Management of material risks;
- Establishing and maintaining a material risk register;
- Regular reporting on mitigation strategies and updates on the Company's risk profile.

The Company maintains a number of policies and procedures which are designed to manage specific business risks. These include:

- Audit and Risk Committee Charter;
- Policy on ASX Disclosure;
- Policy on trading in the Company's securities;
- Code of Conduct;
- Insurance policy portfolio;
- Occupational Health and Safety framework;
- Regular forecasting;
- Delegation of authority framework;
- Procedures to manage environmental obligations.

The Company recognises that risk management is an ongoing process that requires the Board and executive to provide a framework that encourages regular and timely reporting on the Company's risk profile and mitigation strategies that are in place and allows these changes to be identified and managed in a timely fashion. To this extent, the Board reviews risk on at least a quarterly basis or on an as needs basis as and when material risks arise between scheduled meetings.

4.1 Assurance

The Managing Director and Chief Financial Officer (or equivalent) are required to report to the Board annually as to the effectiveness of the company's management of its material business risks.

The Managing Director and Chief Financial Officer are required to state in writing to the Board, amongst other things, that:

- (a) the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and performance;
- (b) the integrity of the financial reports are founded on a sound system of risk management and internal control that implements the risk management policies adopted by the Board; and
- (c) the risk management and internal controls system is operating effectively.

5. RISK MANAGEMENT ROLES AND RESPONSIBILITIES

5.1 Board of Directors

The Board is ultimately responsible for overseeing the establishment and implementation of effective risk management systems and the monitoring of internal controls and compliance.

5.2 Audit Committee

The Audit Committee, on behalf of the Board, reviews the effectiveness of the Company's risk management systems, including without limitation, reviewing and updating the company's risk profile. The Audit Committee will at least annually review the implementation of the Company's risk management policy and re-assess the risk management framework.

In the event the Company has not established an Audit Committee, the functions referred to in this section will be carried out by the Board.

5.3 Executive

The Managing Director, with the support of the executive, is responsible for the implementation of risk management systems and ongoing management of risk on a day to day basis. It is management's responsibility to assess risk and where appropriate, devise strategies to eliminate, mitigate or transfer the risk. Where such strategies are required in relation to material risks, regard will be had to finding the most cost effective way to reduce those risks to a level acceptable within this policy. The executive is also responsible for ensuring that material risks are incorporated into the Company's strategic and project plans.

5.4 Employees & Contractors

It is the responsibility of all employees and contractors to ensure the Company complies as appropriate with its legal, regulatory, contractual and compliance obligations and to take appropriate action as required to identify, manage and report on risks within the individual staff member's area or responsibility.

Where deemed necessary, the Company may engage independent specialists to assist it to implement appropriate risk management practices within its business.