

TRAKA RESOURCES LIMITED

CORPORATE GOVERNANCE

RISK MANAGEMENT FRAMEWORK

Oversight of the risk management and internal control system

The Board 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
- exploration - risk of lack of success in discovering new assets
- 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
- occupational health and safety – risk of breaches
- government policy changes
- financial reporting – misstatement of financial reports and breaches of reporting regulatory framework
- breaches of compliance with ASX Listing Rules and Corporations Act

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

- 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 mitigate exploration expenditure
- Internal controls to protect cash assets
- Insurance cover for public liability, personnel injury, and other insurable risks as appropriate
- Maintaining quality and integrity of personnel
- Maintaining good investor relations – in particular with brokers who have assisted or can potentially assist with capital raisings
- Ensuring financial reporting accuracy and compliance with the financial reporting regulatory framework.
- Environmental regulation monitoring and compliance
- Occupational health and safety standards are monitored and reviewed to achieve high standards of performance
- Monitoring and reviewing compliance with ASX Listing Rules and Corporations law
- Quarterly CEO and CFO sign off to the board in respect of financial information.

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