



COMPANY'S RISK MANAGEMENT POLICY AND INTERNAL COMPLIANCE AND CONTROL SYSTEM

Carpentaria Exploration Limited ("Carpentaria Exploration") has developed a framework for a risk management policy and internal compliance and control system which covers organizational, financial and operational aspects of the Company's affairs. The Chairman and Managing Director is responsible for ensuring maintenance of, and compliance with appropriate systems.

Financial

The Company's financial situation is not complex. It has operated initially with the support of its founding shareholder. It is expected that equity funds will be raised and used for exploration and administration purposes, as well as to repay debt to the founding shareholders.

Weekly cashflow reports and monthly management accounts will be prepared and circulated to Directors for review and consideration.

All major project expenditure must be approved by the Board.

Carpentaria Exploration maintains appropriate insurance cover. This includes cover in respect of:

- workers' compensation;
- public liability;
- motor vehicles; and
- property insurance.

The Company may obtain cover for directors' and officers' liability, to the extent permitted by the Corporations Act 2001.

The Company implements appropriate data backup of its financial and other electronic information. Physical records are held within the Company's office and are contained, where appropriate, in a fire-proof safe.

Risk Factors

The risk factors associated with the Company and its business were set out in its prospectus dated August 2006 and lodged with the Australian Securities and Investments Commission in that month. These risk factors are still considered by Carpentaria Exploration's Board to be relevant to the Company and are appended to this policy.