



CORPORATE GOVERNANCE GUIDELINES

The following guidelines have been adopted by the Board of Directors (the “Board”) of Red Mountain Resources, Inc. (the “Company”) and, along with the charters of the Board committees, provide the framework for the governance of the Company. These guidelines are subject to revisions and changes as the Board may find necessary or advisable for the Company in order to achieve these objectives.

Board Composition and Selection; Independent Directors

1. **Board Size.** The Board will determine the appropriate size of the Board within the requirements set forth in the Company’s Certificate of Formation and Bylaws.
2. **Selection of Board Members.** The Company’s shareholders elect directors annually for terms that expire at the succeeding annual meeting, except for Board action to fill vacancies. The Board nominates director candidates for election by the shareholders. The Nominating and Corporate Governance Committee is responsible for recommending to the Board director candidates for nomination and election. The Nominating and Corporate Governance Committee annually reviews with the Board the applicable skills and characteristics required of Board nominees in the context of the size, composition and needs of the Board and Company circumstances.

The Nominating and Corporate Governance Committee will consider candidates recommended by shareholders. Shareholders wishing to suggest director candidates should submit their suggestions in writing to the attention of the Corporate Secretary of the Company in accordance with the provisions of the Company’s Bylaws.

Upon the recommendation of the Nominating and Corporate Governance Committee, the Board may appoint a director to the Board during the course of the year to fill vacancies on the Board and newly created directorships to serve until the next annual meeting of shareholders.

3. **Board Membership Criteria.** The Nominating and Corporate Governance Committee works with the Board on an annual basis to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience. Characteristics expected of all directors include integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the Board. In evaluating the suitability of individual Board members, the Board takes into account many factors, including general understanding of marketing, finance, and other disciplines relevant to the success of a publicly traded oil and gas company in today’s business environment; understanding of the Company’s business; educational and professional background; personal accomplishment; and other factors that the Board considers relevant. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the Company’s business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience.

In making its recommendations to the Board for an incumbent, replacement or additional director, the Nominating and Corporate Governance Committee reviews his or her qualifications,



including capability, availability to serve, conflicts of interest and other relevant factors. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director's past attendance at meetings, participation in and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

4. **Board Composition.** The Board intends that, except during periods of temporary vacancies, a substantial majority of its directors will be independent. In determining the independence of a director, the Board will apply the definition of “independent director” in the listing standards of the NASDAQ Stock Market and applicable laws and regulations.

5. **Selection of CEO and Chairman.** The Board selects the Company’s CEO and Chairman in the manner that it determines to be in the best interests of the Company’s shareholders. The Board does not have a policy as to whether the Chairman should be a non-management director or a member of management. Instead, the Board selects the Company’s CEO and Chairman in the manner that it determines to be in the best interests of the Company’s shareholders.

6. **Term Limits.** The Board does not believe it is advisable to establish term limits. While term limits may help ensure that new viewpoints are brought to the Board, the Board believes this potential benefit is likely to be outweighed by the forced loss of directors who have developed, over a period of time, insight into the Company and its operations and who, as a result, make an important contribution to the Board as a whole. The Board believes that, as an alternative to term limits, the Board can better monitor and control the overall mix of views through ongoing performance evaluation and suitability reviews of Board members.

Board Meetings; Involvement of Senior Management and Independent Advisors

7. **Board Responsibility.** The business of the Company is managed under the direction of its Board, the primary responsibility of which is to provide oversight, counseling and direction to the Company’s management team in the long-term interests of the Company and its shareholders. Responsibility for the everyday affairs lies with the CEO and other members of management. The CEO and management are responsible for seeking the advice and, in appropriate situations, the approval of the Board with respect to certain extraordinary corporate actions. Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders, and to conduct themselves in accordance with their duties of care and loyalty.

8. **Board Meetings – Frequency.** The Board will generally have at least four regularly scheduled meetings per year and hold additional special meetings as necessary. Each director is expected to attend both scheduled and special meetings, except if unusual circumstances make attendance impractical.

9. **Board Meetings – Agenda.** The Chairman of the Board will set the agenda for each Board meeting, taking into account suggestions from other members of the Board. The agenda will be distributed in advance to each director.

10. **Advance Distribution of Materials.** All information relevant to the Board’s understanding of matters to be discussed at an upcoming Board meeting should be distributed physically or



electronically to all members in advance, whenever feasible and appropriate. Each director is expected to review this information in advance of the meeting to facilitate the efficient use of meeting time. In preparing this information, management should ensure that the materials distributed are as concise as possible, yet give directors sufficient information to make informed decisions. The Board recognizes that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters prior to Board meetings may not be appropriate.

11. **Access to Employees.** The Board should have access to Company employees in order to ensure that directors can ask all questions and glean all information necessary to fulfill their duties. Management is encouraged to invite Company personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered.

12. **Access to Independent Advisors.** The Board and its committees have the right at any time to retain independent outside auditors and financial, legal or other advisors, and the Company will provide appropriate funding, as determined by the Board or any committee, to compensate those independent outside auditors or advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

13. **Executive Sessions of Non-Management Directors.** The non-management directors of the Company will meet regularly in executive session, at least twice a year. Executive sessions of the independent directors will be called and chaired by the Chairman of the Board, if the Chairman is a non-management director, or otherwise by chairperson of the Nominating and Corporate Governance Committee. The executive session discussions may include such topics as the non-management directors determine.

Communications with Shareholders

14. **Shareholder Communications to the Board.** Shareholders may contact an individual director, the Board as a group or a specified Board committee or group, including the independent directors as a group, by the following means:

Red Mountain Resources, Inc.
2515 McKinney Avenue, Suite 900
Dallas, TX 75201

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. The Company will initially receive and process communications before forwarding them to the addressee. The Company generally will not forward to the directors a shareholder communication that it determines to be primarily commercial in nature or relate to an improper or irrelevant topic, or that requests general information about the Company.

Concerns about questionable accounting or auditing matters or possible violations of the Company's Code of Conduct and Ethics or other governance policies should be reported pursuant to the procedures outlined in the Company's Code of Conduct and Ethics, which is available on the Company's web site at www.redmountainresources.com.



15. Attendance at Annual Meeting. Each director is encouraged to attend the Company's annual meeting of shareholders.

Performance Evaluation; Succession Planning

16. Annual CEO Evaluation. The Chairman of the Board, if the Chairman is a non-management director, or otherwise the chairperson of the Nominating and Corporate Governance Committee, conducts a review of the performance of the CEO at least annually and communicates the results of the review to the CEO. The Nominating and Corporate Governance Committee establishes the evaluation process and determines the specific criteria on which the performance of the CEO is evaluated.

17. Board and Committee Self-Evaluation. The Board and each committee will perform an annual self-evaluation.

Compensation

18. Board Compensation Review. Generally, the Board believes that the level of director compensation should be based on time spent carrying out Board and committee responsibilities and be competitive with comparable companies. In addition, the Board believes that a significant portion of director compensation should align director interests with the long-term interests of shareholders. Company management should report to the Nominating and Corporate Governance Committee on an annual basis how the Company's director compensation practices compare with those of other peer companies. The Nominating and Corporate Governance Committee makes recommendation to the Board relating thereto. The Board should make changes in its director compensation practices only upon the recommendation of the Nominating and Corporate Governance Committee, following discussion and a majority vote in favor thereof by the Board.

Committees

19. Number and Type of Committees. The Board has three committees – an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The Board may add new committees or remove existing committees as it deems advisable in the fulfillment of its primary responsibilities. Each committee will perform its duties as assigned by the Board in compliance with the Company Bylaws and the committee's charter. Committee duties are described briefly as follows:

Audit Committee. The Audit Committee oversees the accounting, reporting, and financial practices of the Company; the surveillance of administration and financial controls; the Company's compliance with legal and regulatory requirements; the Company's monitoring and enforcement of its Code of Conduct and Ethics; the principal outside auditing firm's engagement, qualifications and independence; and the performance of the Company's principal outside auditing firm.

Compensation Committee. The Compensation Committee reviews and makes recommendations to the Board of Directors regarding the compensation of executive officers and administers the Company's equity plans. The compensation of the Chief Executive Officer is



reviewed and approved by the Compensation Committee.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for identifying qualified individuals for membership on the Board; recommending to the Board the director nominees for the annual meeting of shareholders; developing and recommending to the Board a set of corporate governance guidelines for the Board; and overseeing the corporate governance affairs of the Board and the Company.

20. Composition of Committees; Committee Chairpersons. The Audit, Compensation and Nominating and Corporate Governance Committees consist solely of independent directors. The Board is responsible for the appointment of committee members and committee chairpersons according to criteria that it determines to be in the best interest of the Company and its shareholders.

21. Committee Meetings and Agenda. The chairperson of each committee is responsible for developing, together with relevant Company managers, the committee's general agenda and objectives and for setting the specific agenda for committee meetings. The chairperson and committee members will determine the frequency and length of committee meetings consistent with the committee's charter.

Miscellaneous

22. Review of Governance Guidelines. The Board reviews these guidelines as appropriate.