

2024 Corporate Governance Statement

Pacific Nickel Mines Limited (ASX Code: PNM) (**Pacific Nickel** or **Company**) provides its 2024 Corporate Governance Statement.

Authorised by the Board.

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Please visit the company's website at www.pacificnickel.com

CORPORATE GOVERNANCE STATEMENT

This statement has been approved by the Board of the Company. The statement has been prepared as at 4 October 2024 with reference to the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1

A listed entity should have and disclose a board charter setting out:

- (a) the respective roles and responsibilities of its board and management; and**
- (b) those matters expressly reserved to the board and those delegated to management.**

The Board of Directors has been charged by shareholders with overseeing the affairs of the Company to ensure that they are conducted appropriately and in the interests of all shareholders. The Board defines the strategic goals and objectives of the Group, as well as broad issues of policy and establishes an appropriate framework of Corporate Governance within which the Board members and management must operate. The Board reviews and monitors management and the Group's performance. The Board has also taken responsibility for establishing control and accountability systems/processes and for monitoring senior executive performance and implementation of strategy.

The roles and responsibilities of the Board have been set out in a Board charter which is available on the Company's website. Amongst other things the Board charter sets out the role and responsibility of the chair of the Board.

The Board has specifically identified the following matters for which it will be responsible:

- (a) reviewing and determining the Company's strategic direction and operational policies;
- (b) review and approve business plans, budgets and forecasts;
- (c) overseeing management's implementation of the Company's strategic objectives;
- (d) appoint and remunerate the Chief Executive Officer;
- (e) review performance of the Chief Executive Officer;
- (f) approve acquisition and disposal of assets;
- (g) approve operating budgets, capital, development and other large expenditures;
- (h) ensuring that the Company has in place and appropriate risk management framework and compliance culture;
- (i) oversee the integrity of the Company's control and accountability systems;
- (j) oversee the Company's processes for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's shares;
- (k) reporting to shareholders;
- (l) ensure compliance with environmental, taxation, Corporations Act and other laws and regulations; and
- (m) monitoring the effectiveness of the Company's governance practices.

The Board delegates operational authority to the Chief Executive Officer who is charged with the day to day running and administration of the Company consistent with the strategic objectives and policies as set down by the Board. Within this framework, the Chief Executive Officer is directly accountable to the Board for the performance of the management team/ external consultants.

RECOMMENDATION 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and**
- (b) provide security holders with all material information in its possession relevant to a decision whether or not to elect or re-elect a Director.**

The Company does undertake checks before it appoints a person, or puts forward to shareholders a new candidate for election, as a Director. These checks include references as to the person's character, experience and education. The Company does not presently check criminal records or the bankruptcy history for potential new Board members however may consider such checks where necessary or appropriate in the future.

The Company will include all material information in its possession relevant to a decision whether or not to elect or re-elect a Director in the relevant Notice of Meeting. Information relating to each of the Directors is also provided on the Company's website.

RECOMMENDATION 1.3

A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.

The Company has established written agreements with each of its non-executive directors which set out the terms of their appointment.

Directors are not appointed for a fixed term but are subject to re-election by shareholders at least every three years in accordance with the Constitution of the Company.

A Director appointed to fill a casual vacancy or as an addition to the Board, only holds office until the next annual general meeting of shareholders and must then retire. After providing for the foregoing, one-third of the remaining Directors (excluding a Managing Director) must also retire at each annual general meeting of shareholders.

Prior to their appointment potential directors participate in induction initiatives and are advised of the time commitment envisaged. They are also advised of remuneration entitlements, their right to seek independent legal advice at the expense of the Company (subject to the Chairman's approval) indemnity and insurance arrangements, and their confidentiality obligations.

The Company does maintain written agreements with each of its senior executives which set out a description of their position, duties and responsibilities and the terms of their appointment.

RECOMMENDATION 1.4

The Company Secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary has been appointed on the basis that he will be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

All Directors of the board have access to the Company Secretary who is appointed by the Board. The Company Secretary reports to the Chairman, in particular to matters relating to corporate governance.

RECOMMENDATION 1.5

A listed entity should:

- (a) have and disclose a diversity policy;
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- (c) disclose in relation to each reporting period:
 - (1) the measurable objectives set for that period to achieve gender diversity;
 - (2) the entity's progress towards achieving those objectives; and
 - (3) either:
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company has established a Diversity Policy which is available on the Company's website.

The Company is committed to an inclusive workplace that embraces and promotes diversity. The Company believes that in principle the promotion of diversity on its Board and within the organisation generally is good practice.

The Company considers that diversity refers to all the characteristics that make individuals different from each other. It includes characteristics or factors such as religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference. The Company's policy is to recruit and manage its employees on the basis of their competence, performance and potential, regardless of the individual's background or points of difference.

The Company is committed to promoting a culture of diversity in the workplace by:

- recruiting and managing on the basis of an individual's competence and performance;
- respecting the unique attributes that each individual brings to the workplace;
- fostering an inclusive and supportive culture to enable people to develop to their full potential;
- taking action where appropriate to prevent / stop bullying, discrimination or harassment;
- rewarding and remunerating fairly;
- offering flexible work practices which recognise that employees may have different domestic responsibilities throughout their career;
- maintaining policies and procedures to provide employees at all levels of the Company with guidelines for behaviour.

The Board acknowledges the benefits of and will seek to achieve diversity during the process of employment at all levels where appropriate given the size of the Company and the nature and extent of its operations and without detracting from the principal criteria for selection and promotion of people to work within the Company based on merit. Accordingly the Company has not established measurable objectives or number targets for achieving gender diversity.

At 30 June 2024 there were no women on the Board of the Company. The Company currently engages 1 woman as part of its corporate team.

RECOMMENDATION 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Company has adopted a Performance Evaluation Statement which provides an overview of the Company's approach to performance evaluation of the Board, its Committees and individual Directors.

The Board is responsible for evaluating its performance under the direction of the Chairman with reference to the achievement of corporate objectives.

The review process involves consideration of all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contribution to the overall management of the business.

The Board believes that this approach is appropriate given its size and the nature of the Company's operations.

The Board has not undertaken a formal performance evaluation during the current reporting year.

RECOMMENDATION 1.7

A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Company has adopted a Performance Evaluation Statement which provides an overview of the Company's approach to performance evaluation of its key executives.

The Board reviews and establishes the company's performance objectives and measures based on qualitative and quantitative factors. The objectives established become the performance targets for the Chief Executive Officer. The performance of the Chief Executive Officer is assessed by the full Board against these pre-determined performance objectives.

No formal performance evaluation of the Chief Executive Officer was undertaken for the year ended 30 June 2024 as the Board works closely with the Chief Executive Officer on all key matters relating to the development of the Company's nickel projects in the Solomon Islands and monitors his performance through this process. The performance of the Chief Executive Officer is also monitored by Board review of regular reports provided regarding the group's financial and operational reports.

PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

RECOMMENDATION 2.1

The Board of a listed entity should:

(a) have a nomination committee which:

- (1) has at least three members, a majority of whom are independent Directors, and**
- (2) is chaired by an independent director;**

and disclose

- (3) the charter of the committee**
- (4) the members of the committee; and**
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively

Due to the size of the Company and the number of Board members, the Board does not have a formal nomination committee. New Directors are selected according to the needs of the Company at that particular time, the composition and the balance of experience on the Board as well as the strategic direction of the Company. Where a vacancy arises or it is considered appropriate to vary the composition of the Board of Directors, the full Board generally participates in any review of the Board's composition and the qualifications and experience of candidates. Directors are selected upon the basis of their specialist skills and business background so as to provide an appropriate mix of skills, perspective and business experience.

At each annual general meeting, the following Directors retire:

- i. one third of Directors (excluding the Managing Director);
- ii. Directors appointed by the Board to fill casual vacancies or otherwise; and
- iii. Directors who have held office for more than three years since the last general meeting at which they were elected.

RECOMMENDATION 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The Company has not prepared a formal Board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The composition of the Board is reviewed from time to time taking into account the length of service on the Board, age, qualification and experience, any requirements of the Company's constitution, and in light of the needs of the Company and direction of the Company, together with such other criteria considered desirable for composition of a balanced Board and the overall interests of the Company.

Details of each Directors experience and length of service can be found on the Company's website and are reported in the Company's Financial Report on an annual basis.

RECOMMENDATION 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the Board to be independent directors;**
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and**
- (c) the length of service of each director.**

The following Directors are considered to be independent Directors:

Mr. Terry Cuthbertson: Non-Executive Chairman

Mr. James Dean: Non-Executive Director

The Company determines Directors to be independent where they are non-executive and being free of any business or other relationship which could materially interfere with the independent exercise of their judgement.

The composition of the Board is subject to periodic review. The skills, experience and expertise of each Director are set out in the Financial Report of the Company.

The Board observes a number of practices to ensure that independent judgement is applied when considering the business of the Board:

- (i) Directors are entitled to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required but this is not unreasonably withheld.**
- (ii) Directors having a conflict of interest with an item for discussion by the Board must not participate in the consideration of or the vote in respect of that matter.**

Details of each Directors experience and length of service can be found on the Company's website and are also reported in the Company's Financial Report on an annual basis.

RECOMMENDATION 2.4

A majority of the Board of a listed entity should be independent directors.

One half of the Board is considered to be independent Directors. The Chairman is an independent director.

RECOMMENDATION 2.5

The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairman is considered to be an independent Director and is not the same person as the CEO.

RECOMMENDATION 2.6

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The Company provides new Directors with an induction package including copies of the Board Charter and relevant policies and procedures.

Directors are encouraged to pursue appropriate professional development opportunities to develop and maintain their skills and knowledge in order to perform their role as Directors effectively.

All Board members have access to professional independent advice at the Company's expense, provided they first obtain the Chairman's approval, with such approval not being withheld unreasonably.

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

RECOMMENDATION 3.1

A listed entity should articulate and disclose its values.

The Board has not approved a formal statement of values however the Board has adopted a Directors' Code of Conduct which emphasises the importance of honesty, good faith and acting in the interests of the Company as a whole together with compliance with the spirit and intent of the law and the principles set out in the Code of Conduct.

RECOMMENDATION 3.2

A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.**

The Company has a Code of Conduct which requires its Directors, employees and contractors to observe the highest standards of behaviour and business ethics in respect of its operations.

The Board has stipulated that the Secretary must notify it of any material breaches of the Code.

In addition the Company has a Directors' Code of Conduct which sets out the standards that each Director will adhere to whilst conducting their duties. Directors must at all times act honestly, in good faith and in the best interests of the Company as a whole and comply with the spirit, as well as the letter, of the law and of the principles of the code.

RECOMMENDATION 3.3

A listed entity should:

- (a) have and disclose a whistleblower policy; and**
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

The Company has a Whistleblower Policy which is disclosed on the Company's website.

The Policy stipulates that the Board will be informed of any material incidents reported under the Policy, subject to the confidentiality provisions of the Policy.

RECOMMENDATION 3.4

A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.**

The Company has an Anti-Bribery and Corruption Policy and a Directors' Code of Conduct stipulates that a director must not make improper use of information acquired as a director or take improper advantage of the position of director to gain a personal advantage or to cause detriment to the Company.

PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

RECOMMENDATION 4.1

The board of a listed entity should:

(a) have an audit committee which:

- (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- (2) is chaired by an independent director, who is not the chair of the board,

and disclose:

- (3) the charter of the committee;
- (4) the relevant qualifications and experience of the members of the committee; and
- (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has established an Audit Committee which is responsible for ensuring compliance with all appropriate accounting standards and the integrity of related reporting obligations.

The Committee is also responsible for reviewing the Company's internal financial controls, and for maintaining open lines for communication between the Board and the external auditors, independently of management.

The Audit Committee reviews and monitors the scope of the external audit function, the performance of the external auditor and the rotation of the external audit partner.

All Audit Committee deliberations are routinely reported to the full Board at the earliest opportunity and any action taken, or proposal made, is submitted to the full Board for ratification or approval and implementation. Other Directors, management and external auditors may be invited to attend Audit Committee meetings at the discretion of the Audit Committee.

During the year the Audit Committee was comprised of Mr. James Dean (Committee Chairman) and Mr. Terry Cuthbertson, both of whom are considered to be independent Directors.

The size of the Audit Committee does not meet with the requirements of this recommendation due to the size and composition of the Board and the nature and scale of the Company's operations.

The Company's Audit Committee Charter is disclosed on the Company's Website.

The Audit Committee met six times (including consideration of matters by circular resolution) during the 2023/24 financial year. Both Mr. Dean and Mr Cuthbertson attended each of these meetings.

RECOMMENDATION 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company's Chief Executive Officer and the Chief Financial Officer report in writing to the Board on a yearly and half-yearly basis to confirm that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The CFO resigned in May 2024 and as such the financial statements for the year ending 30 June 2024 was approved by the CEO with the required declarations. The Company engages an external independent qualified chartered accountant to prepare the entity's financial statements.

RECOMMENDATION 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company is required to release quarterly cashflow statements to the market which are not audited or reviewed by an external auditor. These cashflow statements are reviewed by the Audit Committee prior to their release to the market.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

RECOMMENDATION 5.1

A listed entity should:

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Board has approved a Continuous Disclosure Policy which is reproduced on the Company's website.

The Company, its Directors and staff are aware of the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market.

The Chief Executive Officer is responsible for interpreting and monitoring the Company's disclosure policy with advice from the Company Secretary and is responsible for coordinating and overseeing all disclosure or announcements or releases to the market via the ASX. The Company Secretary is primarily responsible for all communications with the ASX.

RECOMMENDATION 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Company Secretary ensures that the Board receives copies of all material market announcements promptly after they have been made.

RECOMMENDATION 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The Company Secretary ensures any new and substantive investor or analyst presentation is released on the ASX Market Announcements Platform ahead of the presentation.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

RECOMMENDATION 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Information about the Company and its governance are available on the Company's website. The Company's website provides detailed corporate information and has a specific section relating to corporate governance.

RECOMMENDATION 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

The Company recognises the right of shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in the company.

The Company has not established a formal investor relations program. Nevertheless, the Company does engage with its shareholders at the Company's Annual General Meeting, meets with shareholders from time to time, actively engages in industry conferences and responds to enquiries from shareholders.

As a matter of practice, information is communicated to the shareholders through compliance with ASX Listing Rules and the Corporations Act 2001, by way of announcements to the ASX, media releases, the Annual Report, Half-Yearly Report, the Annual General Meeting and other meetings that may be called from time to time. The Company maintains a website which provides a description of the Company's projects and all material announcements released to the ASX.

Investors and other stakeholders are invited to subscribe to an email alert facility on the Company's website so that they can receive material announcements which have been released by the Company to the market via an email in a timely manner.

RECOMMENDATION 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Board encourages active participation by shareholders at each Annual General Meeting, or other general meetings of the Company wherever possible.

The Company does not have formal policies or process in place to facilitate or encourage participation at shareholder meetings. The Company will despatch a Notice of Meeting and Explanatory Statement to shareholders in accordance with statutory requirements. In addition details of any shareholder meeting will be posted on the Company's website.

At any meeting of shareholders, shareholders are encouraged to ask questions of the Board in relation to the matters to be considered at such meeting wherever possible and where appropriate relating to the operation of the Company.

RECOMMENDATION 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company does ensure that all substantive resolutions at all shareholders meetings are decided by a poll rather than by a show of hands.

RECOMMENDATION 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company provides shareholders with the option to receive communications from, and send communications to, the entity and its security registry electronically.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

RECOMMENDATION 7.1

The Board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director,**

and disclose:

- (3) the charter of the committee;**
- (4) the members of the committee; and**
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The full Board of the Company maintains responsibility to oversee risk and accordingly has not established a committee for this purpose. The Audit Committee assists the Board in this role by reviewing the financial and reporting aspects of the group's risk management and control practices.

There are inherent risks associated with the development of resource projects.

The Board continuously reviews the activities of the Company to identify key business and operational risks.

The Board has approved a Risk Management Statement which provides an overview of the Company's risk management policies and its compliance and control systems.

The Board is provided with regular reporting on the management of operations and the financial condition of the Company aimed at ensuring that risks are identified, assessed and appropriately managed as and when they arise.

Management of the Company are required to ensure that Occupational Health and Safety practices and Environmental practices are of the highest standard.

Reports are presented to the Board by the Chief Executive Officer which encompass matters including, workplace health and safety, legal compliance, corporate governance, strategy, quality assurance and standards, human resources, industry and market information, operational developments and environmental conformance.

RECOMMENDATION 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and**
- (b) disclose, in relation to each reporting period, whether such a review has taken place.**

The Board has not specifically reviewed the entity's risk management framework for the year ended 30 June 2024.

The Chief Executive Officer reviews and confirms to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects twice annually when half-yearly and year-end financial statements are prepared.

RECOMMENDATION 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or**
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

In light of the nature and extent of the Company's operations and activities, the Company has not established a formal internal audit function.

The Board continuously reviews the activities of the Group to identify key business and operational risks and has implemented policies and procedures to address such risks and to establish appropriate internal control processes.

The Board is provided with regular reporting on the management of operations and the financial condition of the Company aimed at ensuring that risks are identified, assessed and appropriately managed as and when they arise.

RECOMMENDATION 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Company recognises its corporate responsibility to all stakeholders and the continual need for sustainable, harmonious operations. The Company and its employees promote best practice in terms of community development, environmental protection and safety management.

In addition the Company endeavours to assess the needs of the local communities and aims to respond where appropriate to their desires and expectations within its available resources.

The Company is also conscious of its responsibility in relation to the environment and strives to achieve minimal impact as far as possible in its work areas.

The Company seeks to ensure that any disturbance of land which may arise as a result of sampling, trenching/ drilling or project development is carried out in full cooperation with the local people and all relevant regulatory authorities and with as little impact on the environment as possible.

The Company recognises that its employees/contractors are key to the success of its operations and we aim to protect their health, ensure their safety and improve their capacities and capabilities through various policies and programs.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION 8.1

The Board of a listed entity should:

(a) have a remuneration committee which:

- (1) has at least three members, a majority of whom are independent directors; and**
- (2) is chaired by an independent director,**

and disclose:

- (3) the charter of the committee;**
- (4) the members of the committee; and**
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

A formal Remuneration Committee was established by the Board during the course of the year.

The committee was comprised of Mr. Terry Cuthbertson as Committee Chairman and Mr. Greg Foulis as a committee member (until his resignation), both of whom are independent Directors.

The size of the Remuneration Committee does not meet with the requirements of this recommendation due to the size and composition of the Board and the nature and scale of the Company's operations.

The Remuneration Committee met once during the course of 2023/24 financial year.

RECOMMENDATION 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

Shareholders have approved a maximum aggregate amount of \$300,000 that may be paid to all Directors. This limit does not apply to fees payable to executive directors or fees for extra professional services which may be rendered from time to time by a non-executive director.

From 1 July 2023 annual directors fees of \$50,000 (inclusive of tax and statutory superannuation) are paid to non-executive directors and \$75,000 (inclusive of statutory superannuation) is paid to the non-executive Chairman.

In addition, following Remuneration Committee proceedings in August 2023 it was proposed that Performance Rights be granted to each of the Directors of the Company subject to shareholder approval at the Company's Annual General Meeting to be held on 29 November 2023. Performance Rights were considered desirable to provide each of the Directors with the opportunity to be issued an equity-based incentive in order to strengthen the link between them and the Company. The object of providing equity-based incentives to the Directors is to encourage greater interest in the performance and success of the Company by providing them with the opportunity to acquire securities in the Company subject to achieving the performance milestones. Providing equity-based incentives is a means of recognising the contribution Directors to the Company's success. Under the Company's current circumstances the issue of equity-based incentives to Directors is a cost effective and efficient method for the Company to reward and engage with Directors as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

There are no arrangements for payment of retirement benefits to non-executive directors.

Where appropriate, the Chief Executive Officer and the Chief Financial Officer review the remuneration of employees/consultants within the Company which are set at a level to attract and retain suitably qualified staff/consultants to enable the Company to achieve its exploration and corporate objectives. In normal circumstances, the level of remuneration paid to employees/consultants reflects the competitive employment market in the resource sector.

Typically employees receive a base salary (which is based on factors such as length of service and experience) and superannuation. Remuneration packages are reviewed annually by reference to the Company's performance, each employee's performance and comparable information from industry sectors and other similar listed companies.

Employees and selected contractors are entitled to participate in the Company's Equity Incentive Plan which was approved by Shareholders at the Company's Annual General Meeting held on 26 November 2021.

The broad remuneration policy objective of the Company is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and are designed to attract, retain and motivate executives of the highest possible quality and standard in the Company's prevailing circumstances to enable the organisation to succeed.

RECOMMENDATION 8.3

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and**
- (b) disclose that policy or a summary of it.**

Employees are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under the Company's Employee and Contractor Option Plan.

The Corporations Act prohibits the key management personnel of an ASX listed company established in Australia, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.