



SQX RESOURCES LIMITED

ACN 659 090 338

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of directors of SQX Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of SQX Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. The Corporate Governance Statement is current as at 27 September 2023, and has been approved by the Board of directors. All these practices, unless otherwise stated, were in place for the entire year. They comply with the *ASX Corporate Governance Principles and Recommendations (4th edition – February 2019)*.

The Company's website at www.sqxresources.com contains a corporate governance section that includes copies of the Company's corporate governance policies.

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 is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- driving the strategic direction of the Company and defining the Company's purpose, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- approving the Company's statement of values and Code of Conduct to ensure the desired culture within the Company is maintained and monitoring the implementation of such values and culture at all times;
- ensuring that an appropriate framework exists for relevant information to be reported by management to the Board;
- when required, challenging management and holding it to account, appointment and replacement of the Chief Executive Officer, other senior executives and the Company Secretary and the determination of the terms and conditions of their employment, including remuneration and termination;
- approving the Company's remuneration framework and ensuring it is aligned with the Company's purpose, values, strategic objectives and risk appetite;
- monitoring the timeliness and effectiveness of reporting to Shareholders;
- reviewing and ratifying systems of audit, risk management (for both financial and non-financial risk) and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting



- such that the financial performance of the Company has sufficient clarity to be actively monitored;
- approving the annual, half yearly and quarterly accounts;
 - approving significant changes to the organisational structure;
 - approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends;
 - recommending to Shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable);
 - ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; and
 - procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively and to deal with new and emerging business; and
 - governance issues.

It is the role of the senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

This statement of matters reserved for the Board and areas of delegated authority to senior executives is contained in the Board Charter posted on the Company's website.

Recommendation 1.2:

A listed entity should:

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

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and the Company has in place written agreements with each Director which detail the terms of their appointment.

All security holder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

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 Executive Chairman has a formal engagement contract, and the non-executive directors have a letter of appointment including a director's interest agreement with respect to disclosure of security interests. These arrangements are currently being finalized for director recently appointed.

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 a direct reporting line to the Board, through the Chair.

**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 recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

The Company has not formally established a diversity policy given the current stage of its operations and the small number of employees. The Company does not comply with Recommendation 1.5.

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.*

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Chairman conducts an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each director are discussed. The board considers that at this stage of the Company's development an informal process is appropriate.

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 Board intends on undertaking a review of the senior executives' performance, at least annually, including setting the goals for the coming year and reviewing the achievement of these goals.

Due to the size of the Company and the time elapsed since listing on the ASX, it has not been deemed necessary to institute a formal documented performance review program of senior executives nor has any evaluation or review been undertaken. The board considers that at this stage of the Company's development an informal process is appropriate.



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.*

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Directors are appointed under the terms of the Company's Constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise, and experience of the board. The categories considered necessary for this purpose are a blend of accounting and finance, business, technical and administration skills. Casual appointments must stand for election at the next annual general meeting of the Company.

Retirement and rotation of directors are governed by the *Corporations Act 2001* (Cth) and the Constitution of the Company. All directors, with the exception of the Managing Director, serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

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 Board does not maintain a formal Board Skills Matrix, as the Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.

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 or relationship of the type described in Box 2.3 of the Principles (factors relevant to assessing the independence of a director) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position 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 names, experience and responsibilities of directors of the Company in office at the date of this statement are set out in the latest Company Annual Report (including names of the directors considered to be independent directors and length of service of each director).



Recommendation 2.4:

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

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.3 and other facts, information and circumstances deemed by the Board to be relevant.

Given the Company's present size and scope, it is currently not the Company's policy to have a majority of independent Directors. Directors have been selected to bring specific skills and industry experience to the Company. The Board has an expansive range of relevant industry experience, financial, legal and other skills and expertise to meet its objectives.

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 Company has a chairman who fills an executive capacity and does not have a current chief executive officer. Given the size of the Company and its operations, the Board considers this appropriate.

The Company does not comply with Recommendation 2.5.

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.

A new director is provided an induction pack that outlines the expectation of the director and provides a portfolio of the Company's significant policies and procedures. The Company encourages appropriate professional development of its directors and will pay for relevant courses and seminars that enable the director to develop and maintain the skills and knowledge needed to perform their role.



Principle 3: Instill a culture of acting lawfully, ethically and responsibly

Recommendation 3.1:

A listed entity should articulate and disclose its values.

The Company has developed a Code of Conduct setting out its Values which has been endorsed by the Board and applies to all employees, directors and officers. A copy of the document is available on the Company's website.

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 developed a Code of Conduct (the **Code**) which has been endorsed by the Board and applies to all employees, directors and officers. The Code may be amended from time to time as necessary to ensure it reflects the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders. The Code outlines the responsibility and accountability of Company personnel to report and investigate reports of unethical practices. A copy of the Code is available on the Company's website.

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Board makes all directors, officers and employees aware on appointment that it is prohibited to trade in the Company's securities whilst that director, officer or employee is in the possession of price sensitive information.

For details of shares held by directors and officers please refer to the Prospectus. Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules.

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 in place which has been endorsed by the Board and applies to all employees, directors and officers. The induction process for new employees and directors encompasses an overview of this policy. A copy of the whistleblower policy is available on the Company's website.

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 in place which has been endorsed by the Board and applies to all employees, directors and officers. The induction process for new employees and directors encompasses an overview of this policy. A copy of the anti-bribery and corruption policy is available on the Company's website.



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 Company does not have an audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is auditor's policy to rotate audit engagement partners on listed companies at least every 5 years.

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 executive will declare in writing to the Board that the Company's financial statements present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, that this is founded on a sound systems of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is made prior to the director's approval of the release of the annual accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

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 has a stringent check-off procedure for all periodic corporate reports released to market which involves signoff by the Board.



Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

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

The Company has developed a Continuous Disclosure Policy which has been endorsed by the Board. The Continuous Disclosure Policy ensures compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of information which may have a material effect on the price or value of its securities and outlines accountability at a senior executive level for that compliance. All ASX announcements are automatically posted to the Company's website immediately after confirmation of receipt is received from ASX, including all financial reports.

Recommendation 5.2:

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

All directors receive a copy of all announcements immediately they are made via distribution from the Company Secretary.

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 always releases new and substantive investor or analyst presentations to market ahead of making 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.

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by the ASX, the following are posted to the Company's website:

- relevant announcements made to the market via the ASX;
- notices of meetings;
- investment updates;
- company presentations and media releases;
- copies of press releases and announcements for (at least) the preceding three years; and
- copies of annual, half-yearly and quarterly reports including financial statements for (at least) the preceding three years.

Recommendations 6.2 and 6.3:

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

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

The executive make themselves available to meet shareholders and regularly responds to enquiries made via telephone or email. The executive also completes periodic investor presentations to facilitate engagement with investors and other financial market participants.

The Board encourages full participation of shareholders at the Annual General Meeting. In preparing for general meetings of the Company, the Company drafts the notice of meeting and related explanatory information so that shareholders are provided with all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. The Company allows shareholders a reasonable opportunity to ask questions of the Board of directors and to otherwise participate in the meeting. The external auditor of the Company is asked to attend each annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Important issues are presented to the shareholders as single resolutions. The shareholders are also responsible for voting on the appointment of directors.

Recommendations 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.

It is the Company's policy to have all substantive resolutions at a meeting of security holders decided by poll.

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

Information about the Company is regularly emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses and on submitting information requests with the Company is available on the Company's website. Shareholders can receive communications from, and send communications to, the Company's 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 Company is not currently of a size to require the formation of committees to oversee risk. The full Board has the responsibility for the risk management, compliance and internal controls systems of the Company.

The Board is responsible for identifying, monitoring and reducing the significant areas of potential business and legal risk of the Company. The Board continually reviews the risks associated with its exploration activities and also reviews and monitors the parameters under which such risks will be managed.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on an annual basis or more frequently as required by the Board.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. It reviews strategic, operational and technical risks in conjunction with senior management. This process reviews the Company's strategic direction in detail and includes specific focus on the identification of business risks which could prevent the Company from achieving its objectives. Management is required to ensure that appropriate controls and mitigation strategies are in place to effectively manage those risks. Compliance and reporting risks are reviewed on an ongoing basis. The Board oversees the adequacy and comprehensiveness of risk reporting from management.

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 considers risks and discusses risk management at each Board meeting. As outlined above, management reports to the Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on an annual basis or more frequently as required by the Board. A review has taken place in the reporting period. The framework for reporting the Company's main areas of risk include:

- a) Operational and safety,
- b) Social and community,
- c) Environmental,
- d) Governance (legal and regulatory including financial reporting),
- e) Commercial (including market-related risks, financial and strategic).



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 governance, risk management and internal control processes.*

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole regularly evaluates and improves the effectiveness of its risk management (refer above) and internal control processes.

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 is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.



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.

The Company does not have a remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee.

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.

The Company provides disclosure of all directors and executives remuneration in its annual report.

The remuneration of any executive director will be decided by the Board and must not be calculated as a commission on, or percentage of, operating revenue.

The Company's Constitution provides that the remuneration of non-executive directors will not exceed the aggregate fixed sum determined by a general meeting. The maximum aggregate remuneration payable to the Directors (excluding salaries to executive directors) is \$400,000 per annum, subject to future variation by Shareholders at a General Meeting.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as Options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans and offers under them, including the appropriateness of performance hurdles and total payments proposed.



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.*

The Board has adopted a policy that sets out the guidelines on the sale and purchase of Securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.