

Corporate Governance Statement as at 30 June 2023

In the last 12 months, KGL Resources Limited (**KGL**, the **Company**) has been focused on consolidating the Project fundamentals of the Jervois Copper Project with the aim of advancing the Project to Final Investment Decision. During this time, there have been a number of changes at both the Board and executive level. Over the years, the Company has developed a strong corporate governance framework representative of the size and stage of development of the Company, which have been detailed in previous corporate governance statements.

The current size and composition of the Board has resulted in some changes to the way that governance matters are dealt with but the Board considers this appropriate for the development status of the Company.

The Company has been undertaking a recruitment search for appropriately qualified persons to fill the Chief Executive Officer position and to add independent directors to the Board.

LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

THE BOARD CHARTER

The over-riding responsibility of the Board, as set out in the Board Charter, is to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders, as well as its employees and its customers. The Board should work to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives at all times.

More specifically, the role of the Board is to provide strategic guidance for the Company and to effectively oversee management of the Company.

The Board Charter sets out the Board's responsibilities as:

- overseeing the Company, including its control and accountability systems,
- appointing and removing senior executives and monitoring their performance,

- determining and approving the levels of authority to be given to senior executives in relation to operational expenditures, capital expenditures, contracts and authorising any further delegations of those authorities by senior executives to the other employees of the Company,
- approval of corporate strategy, financial plans and performance objectives,
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance,
- monitoring occupational health, safety and environmental performance and compliance, and ensuring commitment of appropriate resources,
- evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of securities of the Company; and
- approving all financial reports and material reporting and external communications by the Company.

To effectively carry out its responsibilities, the Board delegates all other functions to the Executive Chairman.

Management, led by the Executive Chairman, is responsible for running the affairs of the Company under delegated authority from the Board, and implementing the policies and strategies set by the Board. The Executive Chairman must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

A copy of the Board Charter can be found on the Company's website www.kglresources.com.au.

The Board Charter is reviewed at least every two years to ensure it is in line with the legislative and regulatory requirements and leading practice.

NOMINATION AND APPOINTMENT OF DIRECTORS

Before a director is appointed, the Board undertakes appropriate evaluations including in-depth interviews and reference checks. All members of the Board are given the opportunity to interview the potential appointee.

Where a director is standing for election or re-election, the Notice of Meeting, including the

Explanatory Memorandum, will set out information on the director including qualifications and experience, independence status and the recommendation of the rest of the Board on the resolution. A statement as to whether the Board supports the election/re-election of each director standing for election is provided.

Additionally, a detailed profile for each director is included in the Company's Annual Report.

TERMS OF APPOINTMENT FOR DIRECTORS AND EXECUTIVES

Each director executes a Letter of Appointment with the Company prior to appointment as a director. The Letter of Appointment covers the following key terms:

- performance requirements in terms of Board meetings and matters under consideration,
- key responsibilities and powers as detailed in the Board Charter,
- conditions of continuing in the role of director,
- membership of committees,
- remuneration,
- consideration of independence; and
- ability to seek independent advice.

A separate Deed of Insurance and Indemnity is executed by each director.

Details of each director's and key management personnel's employment terms and conditions are also provided annually in the Remuneration Report as part of the Directors' Report.

Details of the Executive Chairman's remuneration package were detailed and disclosed in an ASX announcement on 22 October 2022.

All other executives are employed under an employment agreement which sets out the employment terms, duties and responsibilities, remuneration details and the circumstances under which employment can be terminated.

COMPANY SECRETARY

The company secretary reports solely to the Board and communication between the directors and the company secretary is open and unfettered. The company secretary advises the Board and its committees on governance matters, attends and takes minutes at all Board meetings, communicates with the ASX and ASIC on all regulatory matters, monitors adherence to Board policies and procedures and retains professional advisors at the Board's request.

DIVERSITY POLICY

The Company believes in equal opportunities for all of its people and recognises that its business benefits from the diversity of its people. The Company has a Diversity and Inclusiveness Policy and is committed to developing a diverse and inclusive workforce and providing a respectful environment free from discrimination.

The Company believes that recruitment and promotion of people should be based on merit, regardless of race, gender or gender orientation, age, relationship or family status, disability, sexual orientation, nationality, political or religious beliefs, or any other factor not relevant to an employee's competence and performance. The Company is focused on eliminating bias in all its forms. No form of unlawful discrimination will be tolerated.

Given the size of the Company, the Board has not set measurable objectives for achieving gender diversity however there has been progress made in recruiting women into what is considered a traditionally male dominated industry. With 21 full time employees, 9 are female.

Women occupy the senior positions of Chief Financial Officer, Environment and Cultural Compliance Manager and Company Secretary.

The Company is not a 'relevant employer' as defined under the *Workplace Gender Equality Act*.

A copy of the Diversity and Inclusiveness Policy can be found on the Company website www.kglresources.com.au.

BOARD EVALUATION

The Company is currently a small single project company. It is yet to develop a procedure for evaluating the performance of the Board as the outcomes related to the project align with the outcomes required of the Board. As the Company advances the development of the Jervois Copper Project, consideration will be given to how best to structure a Board performance review.

SENIOR EXECUTIVE EVALUATION

As the Company advances the Jervois Copper Project, consideration will be given to the appropriate structure of the executive roles within the Company. As positions are filled, the Board, in conjunction with the Remuneration Committee, will consider the processes for evaluating the performance of senior executives.

STRUCTURING THE BOARD TO BE EFFECTIVE AND ADD VALUE

NOMINATION COMMITTEE

The Board has the structure and policies for a Remuneration Committee that considers matters of nomination as part of its function. The Committee is currently comprised of two independent directors as a result of the Company currently having only four directors, two of whom are independent non-executive directors. Although the composition and function of the Board subcommittees have been restricted, the Board has ensured that some subjects previously dealt with at a subcommittee level, have been elevated to the full Board for appropriate consideration of the relevant matters.

The current Committee members are:

Mr Jeff Gerard (Chairman, Independent Non-executive Director),

Mr Brian Gell (Independent Non-executive Director).

The details of meetings held and attendances by Committee members can be found in the Directors' Report.

The Remuneration Committee Charter is listed on the Company's website under the Corporate Governance section.

BOARD SKILLS

Directors recognise the following skills as being either essential or desirable to the effective operation of the Board. An assessment is made as to whether these skills are required from the members of the Board or whether they are better sourced through a consultant. External consultants have been used on a limited basis.

Skills required:

- strategic thinking:
 - the ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company.
- financial expertise:
Qualifications and experience in accounting and/or finance and the monitoring of financial performance including:
 - oversight of budgets and efficient use of resources,
 - analysis of financial statements,
 - critical assessment of financial viability and performance,

- strategic financial planning capabilities, and
- oversight of funding arrangements and accountability.
- legal expertise:
 - formal legal qualifications, and /or
 - understanding of the legal framework in which companies operate.
- risk and compliance oversight experience:
 - the ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and
 - the monitoring of risk and compliance management frameworks and systems.
- corporate governance expertise:
 - knowledge and experience in best practice corporate governance, particularly in the context of listed company requirements, including Corporate Governance Guidelines.
- experience with major transactions:
 - experience at a board level of overseeing and managing large acquisitions, divestments, joint ventures etc.
- financial/equity market experience:
 - an understanding of the fundamentals and operation of financial/ equity markets.
- executive level experience including:
 - appointment and evaluation of the performance of senior executives,
 - oversight of strategic human resource management including workforce planning and employee and industrial relations; and
 - oversight of large-scale organisational change.
- commercial and technical experience:
 - a broad range of commercial/business and technical experience.
- metals industry experience:
 - a thorough understanding of the metal/ copper industry, including metals production, key stakeholders, geology and exploration, marketing and logistics.
- mine development and operational experience:
A thorough understanding of the issues involved in developing and operating a mine in Australia including:
 - knowledge of relevant mining legislation,
 - mine planning, design and feasibility experience,
 - safety and environmental issues,
 - native title requirements,
 - product processing, and
 - infrastructure requirements.

INDEPENDENT DIRECTORS

There have been significant changes in the composition of the Board in the preceding 12 months and currently the Board has two independent, non-executive directors:

Mr Jeff Gerard and Mr Brian Gell.

The Board is actively searching for an additional independent, non-executive director.

The Board has considered the independence of each of the directors and concluded that Mr Gerard and Mr Gell fulfil the conditions of independence.

The length of service of all directors is disclosed in the Directors' Report.

CHAIRMAN AND CEO ROLES

Mr Denis Wood re-joined the Board in March 2022 and became the Executive Chairman of the Board on 18 May 2022.

As previously announced to the ASX, the Company is actively searching for a replacement CEO. On appointment, Mr Wood's role will revert to Non-executive Chairman thus providing a separation between the executive functions and the Board.

DIRECTOR INDUCTION AND PROFESSIONAL DEVELOPMENT

New directors undergo an induction process which includes receiving a briefing from the Chairman and/or CEO of the Company, being provided with copies of all reports and announcements relevant to the Company's recent activities and developments and, when possible, a site familiarisation visit.

The current Board members have many years' experience, particularly in resources projects, and therefore come with a thorough understanding of what is required to perform their roles as directors. The Board is regularly updated on developments in laws, regulations and accounting standards relevant to the Company.

INSTILLING A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

COMPANY VALUES

The Company has developed a set of guiding principles and norms that define the type of Company it aspires to be, and outline its expectations of directors, senior executives and employees in order to achieve that aspiration.

All policies and procedures use these values as the basis for development.



CODE OF CONDUCT

The Company's Code of Conduct outlines what is expected of everyone who works for the Company with respect to responsibilities to shareholders, employees, customers, suppliers, consumers and the broader community.

The Code of Conduct applies to everyone who works for the Company – directors, officers, employees and contractors – and covers business activities with all stakeholders in Australia and overseas.

The Code of Conduct is to be read in conjunction with the Company's policies and procedures and other relevant documents including employment contracts.

A copy of the Code of Conduct can be found on the Company's website www.kglresources.com.au.

WHISTLEBLOWER POLICY

The Company has introduced a comprehensive Whistleblower Policy that states the Company's commitment to doing business in an open and accountable way through supporting a culture of honest and ethical behaviour. The Company recognises that an important aspect of this is for individuals to feel confident about reporting any concerns they may have about suspicious activity or wrongdoing in relation to business activities without fear of harm or reprisal.

The policy details the process that should be followed to enable the protection of the whistleblower as well as the reporting requirements for issues raised.

A copy of the Whistleblower Policy can be found on the Company's website www.kglresources.com.au.

ANTI-BRIBERY AND CORRUPTION

The Company has an Anti-bribery and Corruption Policy that details its commitment to a zero-tolerance for bribery and corruption in all business dealings in every country it operates in, or procures business or supplies from.

The policy details the objectives that the Company is accountable for and the accountabilities of its employees and contractors.

A copy of the Anti-bribery and Corruption Policy can be found on the Company's website www.kglresources.com.au.

SAFEGUARDING THE INTEGRITY OF CORPORATE REPORTS

AUDIT COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices,
- the Company's risk profile and risk policies,
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The specific responsibilities and functions of the Committee in relation to audit, as set out in the Charter, are:

- assessing whether the Company's external reporting is consistent with the information and knowledge of members of the Audit and Risk Committee and whether it is adequate for the needs of the Company's shareholders,
- assessing the management processes supporting external reporting,
- overseeing the development, implementation and review of the procedures for selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners,
- making recommendations to the Board about the appointment and removal of the Company's external auditor,
- assessing the performance and independence of the Company's external auditors, including confirming that provision of non-audit services by the Company's external auditors has not compromised the auditor's independence (if the Company's external auditor provides non-audit services),
- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes,
- monitoring, reviewing and assessing the propriety of related party transactions, and
- implementing comprehensive risk management systems across the Company.

The Committee is currently comprised of two independent directors as a result of the Company currently having only four directors, two of whom are independent non-executive directors.

The Committee members are:

Mr Brian Gell (Chairman, Independent Non-executive Director),

Mr Jeff Gerard (Independent Non-executive Director).

Although the composition and function of the Board subcommittees have been restricted, the Board has ensured that some subjects previously dealt with at a subcommittee level, have been elevated to the full Board for appropriate consideration of the relevant matters.

The Committee meets with the external auditor without management present on general matters concerning the audit and the financial management of the Company. The Chair of the Audit Committee reports to the Board on the Committee's discussions, conclusions and recommendations.

The Committee reviews the performance of the external auditor, generally after the release of the annual financial statements, to ensure that the auditor has provided an efficient and effective audit. The Committee is responsible for recommending to the Board the removal of the auditor if, in its opinion, the auditor is not meeting the standards required by the Committee. The appointment of new auditors would also be recommended by the Committee. Partner rotation complies with the requirements of the *Corporations Act 2001*.

The qualifications and experience of the Committee members, and the number of meetings attended by each during the reporting period, is detailed in the Company's Directors' Report and/or on the Company's website.

EXECUTIVE CHAIRMAN AND CFO DECLARATIONS

The Company requires the Executive Chairman and Chief Financial Officer to provide the Board with their written opinion stating:

- that 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 of the entity in accordance with Section 295A of the *Corporations Act 2001*; and
- That this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

VERIFICATION OF CORPORATE REPORTS NOT AUDITED

Any periodic corporate reports that are released to the market are prepared or reviewed by the Company's CFO. In relation to the Quarterly Cashflow Report, the Executive Chairman and CFO make a declaration that:

- the financial records of the Company/disclosing entity have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*,
- the financial statements on which the Quarterly Cashflow Report is based are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

MAKING TIMELY AND BALANCED DISCLOSURES

CONTINUOUS DISCLOSURE OBLIGATIONS

The Board has approved a Continuous Disclosure Standard (the **Standard**) that sets out what information must be disclosed, what exemptions may apply and the importance of confidentiality. The Standard is applicable to all directors and employees and details how to report potentially disclosable information. Personnel who are authorised to speak on behalf of the Company are approved by the Chairman and the Standard imposes restrictions on the content and timing of briefings.

The ASX Continuous Disclosure Policy is listed on the Company's website www.kglresources.com.au.

ADVICE OF MARKET ANNOUNCEMENTS

All directors receive a copy of the final version of all material market announcements both prior to the announcement being released to the ASX and after confirmation has been received from the ASX that the announcement has been released to the market.

COMPANY PRESENTATIONS

The Company regularly updates its corporate presentations used for investors, the Annual General Meeting and conferences, and provides the ASX with copies of this material prior to the presentations. Additionally, for Annual General Meetings, the Company provides a written transcript of the Chairman's address to these meetings.

RESPECTING THE RIGHTS OF SECURITY HOLDERS

COMPANY DETAILS AND GOVERNANCE ON WEBSITE

The Company's website contains detailed information about its business and projects. Details of the Board members and executive team are also disclosed.

The investor page provides helpful information to shareholders. It allows shareholders to view all ASX and media releases, copies of annual reports and quarterly activities and cashflow statements.

The website also contains the following corporate governance documents:

- KGL Resources Limited Constitution,
- Board Charter,
- Audit and Risk Committee Charter,
- Remuneration Committee Charter,
- Bullying and Harassment Policy,
- Diversity and Inclusiveness Policy,
- Environmental Policy,
- Mental Health and Wellbeing Policy,
- Privacy Policy,
- Securities Trading Policy,
- Whistleblowers' Policy,
- Workplace Health and Safety Policy,
- ASX Continuous Disclosure Policy, and
- Anti-bribery and Corruption Policy.
- People Policy

INVESTOR RELATIONS PROGRAM

The Company has not established a formal investor relations program and the Board considers this appropriate for the Company's stage of development. The Company takes the appropriate measures to keep shareholders informed about its activities and listens to issues or concerns raised by shareholders.

Information is communicated to the members through compliance with ASX Listing Rules and the *Corporations Act 2001* by way of the Annual Report, Half-Yearly Report, Quarterly Activities Reports, Appendix 5B Cashflow Reports, the Annual General Meeting and other meetings that may be called to obtain approval for Board recommendations. In addition to this the Company releases regular progress reports and presentations to ASX to keep members abreast of developments. The Company also maintains a website – www.kglresources.com.au – where all of the Company's ASX announcements and media releases can be viewed at any time.

PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

Notices of meeting sent to shareholders comply with the 'Guideline for Notices of Meeting' issued by the ASX. In relation to the Annual General Meeting (AGM), shareholders are encouraged to submit questions before the meeting.

The Chairman encourages shareholders at the AGM to ask questions or make comments about the Company's projects and the performance of the Board and senior management. The Chairman may respond directly to the questions or, at his discretion, refer the question to another director or executive.

The Company has also commenced preparation for more involvement of shareholders in meetings remotely by use of virtual attendance.

SECURITY HOLDER RESOLUTIONS

It is the Company's intention to have all resolutions at Annual and Extraordinary General Meetings decided by a poll, not only those considered to be substantive.

ELECTRONIC COMMUNICATIONS

The Company's Share Registry provides shareholders with an opportunity to register an email address to receive electronic communication of information provided by the Share Registry e.g. advice on Entitlement Offers, Notices of Meetings.

Additionally, the Company provides a subscription service whereby subscribers can receive advice of ASX announcements after their release to the market.

RECOGNISING AND MANAGING RISK

RISK COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices,
- the Company's risk profile and risk policies,
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The responsibilities and functions of the Committee specific to risk, as set out in the Charter, are:

- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes,

- ensuring that management has implemented a structured and comprehensive risk management system across the Company,
- reviewing, and approving for recommendation to the Board, guidelines and policies governing the oversight and management of the Company's material business risks, including the processes by which management assesses, manages and controls the Company's exposure to risk; and
- monitoring material changes to the Company's risk profile.

The Committee is currently comprised of two independent directors as a result of the Company currently having only four directors, two of whom are independent non-executive directors.

The Committee members are:

Mr Brian Gell (Chairman, Independent Non-executive Director),

Mr Jeff Gerard (Independent Non-executive Director).

Although the composition and function of the Board subcommittees have been restricted, the Board has ensured that some subjects previously dealt with at a subcommittee level, have been elevated to the full Board for appropriate consideration of the relevant matters.

The Committee, and more generally the Board, has reviewed the risk management framework provided by management. More specifically, a summary is provided to the Board in the monthly CFO report.

RISK MANAGEMENT FRAMEWORK

The Board considers risks specific to each stage of development, and a comprehensive risk assessment is undertaken at each stage. As the Company is rapidly changing, it is considered appropriate to assess risk at each stage of development and following each program.

A risk workshop has been undertaken and a detailed assessment and management strategy has been applied to each of the risk areas identified. The risks have been broadly divided into business risks, project risks and operational risks to enable detailed control mapping and accountabilities to be established.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit function and considers this appropriate for the size of the Company and the stage of its development.

The Audit and Risk Committee meets when required to receive and consider reports, and monitor and discuss, known and emerging risk and compliance issues, including non-financial operational and other business risks.

In support of the functions of the Audit and Risk Committee, the Company's managers are directly responsible for risk management in their respective areas of accountability.

Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the directors and where appropriate, these risks are managed with the support of relevant external professional advisers. The Board receives monthly reports to ensure that management is appropriately addressing the risks to the Company. Specifically, a compliance register is presented in each monthly report detailing the major items that the Company must adhere to. The register provides specifics of actions taken to ensure compliance.

MATERIAL EXPOSURE TO ENVIRONMENTAL OR SOCIAL RISKS

Material environmental and social risks are dealt with as part of the Sustainability Report which is updated on an annual basis.

REMUNERATING FAIRLY AND RESPONSIBLY

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee. The Committee is comprised of two independent directors.

The current Committee members are:

Mr Jeff Gerard (Chairman, Independent Non-executive Director),

Mr Brian Gell (Independent Non-executive Director).

The Committee has oversight of:

- the integrity of the Company's remuneration practices,
- the Company's remuneration, including the remuneration of executives; and
- the Company's compliance with applicable legal and regulatory obligations.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities as they relate to remuneration. Specifically, these include, but are not limited to, overseeing:

- remuneration levels of the Board and senior management and recommending changes as appropriate,
- management incentive schemes including employee short-term and long-term incentives,
- the identification of material risks insofar as they relate to remuneration matters; and
- the review and recommendation of guidelines and policies for the management of material business risks.

The details of meetings held and attendance by Committee members can be found in the Directors' Report.

The Remuneration Committee Charter is presented on the Company's website under the Corporate Governance section.

REMUNERATION POLICIES AND PRACTICES

With a small number of executive roles, the Company takes an individual approach to setting remuneration. Annually and, if required, more frequently, the Remuneration Committee receives a report on the employment conditions of staff, including the executives, referencing external salary surveys to ensure that the Company's employment conditions remain competitive. As the Company progresses the development of the Jervois Copper Project and the number of roles increases, policies and practices will be established.

The responsibility of the Remuneration Committee in respect of performance reviews is to:

- review and recommend to the Board for approval the individual goals for executives,
- review and recommend to the Board for approval the Company goals; and
- assist the Board in relation to the performance evaluation of executives, including reviewing performance against pre-determined individual goals and the terms of their employment contracts, and advising the Board of the outcomes of the performance reviews and any recommended actions.

The directors are paid a fixed remuneration per month.

Full details of payments to executives can be found in the Remuneration Report as part of the Directors' Report section of the Annual Report.

EQUITY BASED REMUNERATION RISK

The Company has a Securities Trading Policy. This policy strictly prohibits directors and employees from entering into any transaction that is designed to limit the economic risk of a holding in unvested KGL Resources Limited securities.

A full copy of the Securities Trading Policy can be found on the Company's website www.kglresources.com.au.