

Vital Metals Limited - Corporate Governance Statement

ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations – 4th edition*
For the year ended 30 June 2021 and approved by the Board

The Company is committed to high standards of corporate governance designed to enable it to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments.

A full copy of the Company's corporate governance charter and associated policies, protocols and related instruments is available on the Company's website under "About Us" / "Corporate Governance" – <https://vitalmetals.com.au/corporate-governance/>

The Company intends to follow the ASX Corporate Governance Council Principles and Recommendations in all respects other than as specifically provided below.

In particular, each of the recommendations of the ASX Corporate Governance Council Principles and Recommendations which will not be followed by the Company and the reasons why they respectively will not be followed, are set out below.

The Corporate Governance Statement is current as at 30 June 2021 and has been approved by the Board of Vital Metals Limited.

Recommendation	Current Practice
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.	Satisfied. The functions reserved for the Board and delegated to senior executives have been established.
1.2 A listed entity should: a. Undertake appropriate checks before appointing a director or senior executive, 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 on whether or not to elect or re-elect a director	Satisfied. Appropriate checks have been undertaken.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Satisfied. Agreements are in place.

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 proper functioning of the board. Satisfied. This practice is in place.

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 entity's Diversity Policy is available on the Company's website in the Corporate Governance Section.

To drive diversity and inclusion within the Company, the Board has set the following objectives: To increase the percentage of women in the business and more specifically, in leadership roles, and actively promote a culture that values diversity, inclusion and flexibility. No Board members are women however the Company has appointed a female Company Secretary.

The Company has the following appointments by gender as at 30 June 2021:

Position *	Female	Male	Total
Directors	-	3	3
Senior executives **	1	4	5
Other employees***	7	12	19

* Includes personnel who contract their services to the Company

** Senior executives comprise the Chief Operating Officer, General Manager, VP Community Relations, Financial Officer and Company Secretary

*** All "Other employees" are located in Australia and Canada

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 whether performance evaluations were undertaken.

Satisfied, see process in corporate governance policies.

Not satisfied. No evaluations have been undertaken in the reporting period.

1.7 A listed entity should:

- a. Have and disclose a process for periodically evaluating the performance of senior

Satisfied, see process in corporate governance policies.

- management at least once every reporting period; and
- b. Disclose whether performance evaluations were undertaken.

Not satisfied. No evaluations have been undertaken in the reporting period.

2.1 A listed entity should have a nomination committee which:

Satisfied

- Consists of at least 3 members, a majority of whom are independent directors;
- Is chaired by an independent director;

The board has not established a nomination committee as the role of the committee is undertaken by the full board.

And disclose:

The process followed by the board is available in the corporate government policies disclosed on the website.

- The charter of the committee;
- The members of the committee
- The number of times the committee met and individual attendance at those meetings

If it does not have a nomination committee disclose that fact and the process it follows to address that role.

2.2 A listed entity should have and disclose a board skills matrix.

The Board uses a skills matrix to guide its assessment of the skills and experience of current Directors, and those skills that the Board considers will complement the effective functioning of the Board. Current Directors possess a range of professional skills, some of which are summarised in the following table:

Industry specific knowledge and expertise	Specific experience, knowledge and expertise gained across the mining and exploration industry as well as the rare earths industry
Country specific knowledge and expertise	Specific experience, knowledge and expertise gained from regions and countries related to the Company's strategy and activities
Operational specific knowledge and expertise	Specific experience on exploration and development of rare earths
Financial acumen	Financial knowledge and experience, including an understanding of the financial statements of organisations the type and size of the Company
Strategic and commercial acumen	An ability to define strategic objectives and implement strategy using analytical and technical expertise
Risk management	An understanding of risk management, including operational, financial reporting and compliance risks
Governance and compliance	Commitment to, and knowledge of, governance (incorporating experience gained from working in publicly listed companies) and sustainability issues

<p>2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> - The names of the directors considered by the board to be independent directors - If a director has an interest / association / relationship that meets the factors of assessing independence, but the board is of the opinion that it does not compromise the independence of the director, state the reasons - Length of service of each director 	<p>Satisfied.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Status</th> <th>Appointment Date</th> <th>Length of Service</th> </tr> </thead> <tbody> <tr> <td>Evan Cranston</td> <td>Independent</td> <td>22/10/2019</td> <td>1.5 years</td> </tr> <tr> <td>Geoff Atkins</td> <td>Not Independent</td> <td>22/10/2019</td> <td>1.5 years</td> </tr> <tr> <td>James Henderson</td> <td>Not Independent</td> <td>4/8/2020</td> <td>11 months</td> </tr> </tbody> </table>	Name	Status	Appointment Date	Length of Service	Evan Cranston	Independent	22/10/2019	1.5 years	Geoff Atkins	Not Independent	22/10/2019	1.5 years	James Henderson	Not Independent	4/8/2020	11 months
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<p>2.4 A majority of the board should be independent directors.</p>	<p>Not satisfied. 2 of the 3 directors are not considered independent.</p>																
<p>2.5 The chair should be an independent director. The roles of Chair and Chief Executive Officer should not be exercised by the same individual.</p>	<p>Satisfied.</p>																
<p>2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need to undertake professional development.</p>	<p>Satisfied</p> <p>The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.</p>																
<p>3.1 A listed entity should articulate and disclose its values.</p>	<p>Satisfied</p> <p>The Company is committed to conducting business in an open and accountable way. The values of the Company are to serve the interests of the shareholders and other stakeholders honestly, fairly, diligently and in accordance with applicable laws.</p>																
<p>3.2 A listed entity should:</p> <ul style="list-style-type: none"> - have a code of conduct; and - ensure the board or a committee is informed of any material breaches of the code. 	<p>Satisfied.</p> <p>The Code of Conduct is available on the Company's website in the Corporate Governance Section. Any material breached of the Code of Conduct are reported to the Board.</p>																
<p>3.3 A listed entity should:</p> <ul style="list-style-type: none"> - have and disclose a whistleblower policy; and - ensure that the board or a committee of the board is informed of any material incidents reported under that policy. 	<p>Satisfied</p> <p>The Company's Whistleblower Protection Policy is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.</p>																

<p>3.4 A listed entity should:</p> <ul style="list-style-type: none"> - have and disclose an anti-bribery and corruption policy; and - ensure that the board or a committee of the board is informed of any material incidents reported under that policy. 	<p>Satisfied</p> <p>The Company's Anti-Bribery and Anti-Corruption is available on the Company's website. Any material breaches of the Anti-Bribery and Anti-Corruption Policy are to be reported to the Board or a committee of the Board.</p>
<p>4.1 The board of a listed entity should have an audit committee which:</p> <ul style="list-style-type: none"> - Has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent chair, who is not chair of the board. <p>Disclose:</p> <ul style="list-style-type: none"> - The charter of the committee; - The relevant member qualifications; - The number of times the committee met and individual attendance at those meetings <p>Or</p> <p>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.</p>	<p>The Company does not currently have an Audit Committee. The Company's Corporate Governance Plan contains an Audit Committee Charter.</p> <p>The Board carries out the duties that would ordinarily be carried out by the Audit Committee under the Audit Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting:</p> <ul style="list-style-type: none"> • the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and • all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting. <p>The entity has no formal procedures for the selection and appointment of external auditors. However, the Board ensures that the entity's auditor is of good standing, is appropriately qualified and observes appropriate audit practices including audit partner rotation within its audit firm.</p> <p>The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the Auditor's Report.</p> <p>The Audit Committee Charter is available on the Company's website in the Corporate Governance Section.</p>
<p>4.2 The board should receive declarations for CEO & CFO in accordance with S.295A of corporations act before approving financial statements.</p>	<p>Satisfied.</p>
<p>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.</p>	<p>Satisfied.</p> <p>All periodic corporate reports released to the ASX, including Quarterly Reports, are prepared and reviewed by senior managers and subject matter experts, reviewed and approved by the Managing Director, CFO and Company Secretary, and finally reviewed and authorised for release to the market by the Board.</p> <p>In addition, reports such as the Half year and Annual financial reports (and certain performance reports) are audited by our external auditors in accordance with relevant regulations and good governance.</p>

5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> - Have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rules; and - disclosure that policy or a summary of it. 	<p>Satisfied.</p> <p>Continuous Disclosure Policy is available on the Company's website in the Corporate Governance Section.</p>
5.2	<p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	<p>The Board receives copies of all material market announcements prior to release.</p>
5.3	<p>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.</p>	<p>Satisfied</p>
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Satisfied.</p> <p>See the Company's website including the Corporate Governance Section.</p>
6.2	<p>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p>Satisfied. See the Company's website in the Corporate Governance Section.</p>
6.3	<p>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders</p>	<p>Satisfied. See Shareholder Communication Policy on the Company's website in the Corporate Governance Section.</p>
6.4	<p>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.</p>	<p>Satisfied</p>
6.5	<p>A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.</p>	<p>Satisfied. See welcome pack to investors.</p>

<p>7.1 The board of a listed entity should have a committee to oversee risk, which:</p> <ul style="list-style-type: none"> - Has at least three members all of whom are non-executive directors and a majority of independent directors; and - Is chaired by an independent chair, who is not chair of the board. <p>Disclose:</p> <ul style="list-style-type: none"> - The charter of the committee; - The members of the committee; and - The number of times the committee met and individual attendance at those meetings <p>If it does not have a risk committee disclose that fact and the process it follows to address that role.</p>	<p>The board has not established a risk committee as the role of the committee is undertaken by the full board.</p> <p>The Company has established policies for the oversight and management of material business risks.</p> <p>The Company's Risk Management Policy is available on the Company's website in the Corporate Governance Section.</p>
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<p>7.2 The board or a committee of the board should:</p> <ul style="list-style-type: none"> - Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that it operates with due regard to the risk appetite set by the board; and - Disclose whether such a review has taken place. 	<p>The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the entity's risk profile through its Risk Management Policy. This includes assessing, monitoring and managing operational, financial reporting and compliance risks for the entity. The entity is not of a size nor are its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls.</p> <p>The Managing Director, in accordance with Company policy, approves expenditure, is intimately acquainted with all operations and reports all relevant issues to the other Directors at the directors' meetings.</p> <p>Before approving the entity's yearly financial statements, the Chief Financial Officer and Managing Director declare to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.</p>
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<p>7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> - If has an internal audit function, how the function is structured and what role it performs; - If it does not have an internal audit function, disclose that fact and the process it follows to address that function. 	<p>The entity does not have an internal audit function. The function is undertaken by the Board in accordance with the internal controls and risk management procedures previously mentioned.</p>
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<p>7.4 The entity should disclose whether it has any material exposure to economic,</p>	<p>The entity undertakes minerals exploration and mining development and, as such, faces risks inherent to its business, including economic,</p>
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environmental and social sustainability risks, and if it does, how it manages those risks.

environmental and social sustainability risks, which may materially impact the entity's ability to create or preserve value for security holders over the short, medium or long term.

The entity views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community.

The entity has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Risk Management Policy is located on the Company's website.

8.1 The board of a listed entity should:

- have a remuneration committee which has at least three members all of whom are non-executive directors and a majority of independent directors; and
- Is chaired by an independent director; and

Disclose:

- The charter of the committee;
- The members of the committee; and
- The number of times the committee met and individual attendance at those meetings

If it does not have a remuneration committee disclose that fact and the process it follows to address that role.

The board has not established a remuneration committee as the role of the committee is undertaken by the full board.

The Remuneration Committee Charter is available on the Company's website in the Corporate Governance Section.

8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Satisfied.

The structure of Directors' remuneration is disclosed in the remuneration report section of the annual report.

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

- Have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme;
- Disclose that policy or a summary of it.

The Company does not have an equity-based remuneration scheme.

Further information about the Company's corporate governance practices is set out on the Company's website at <http://vitalmetals.com.au>