

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement reports the governance processes and procedures in place at Cygnus Metals Limited as at 31 March 2023 and has been approved by the board of the Company on that date. This Corporate Governance Statement is also provided on our website at [www.cygnusmetals.com](http://www.cygnusmetals.com), together with copies of our Board and Board Committee Charters and some of the Company's key policies. The ASX Appendix 4G, which is a checklist cross-referencing the fourth edition of the ASX Corporate Governance Principles and Recommendations ("ASX Recommendations") to the relevant disclosures in the Corporate Governance Statement and the 2022 Annual Report, is also provided on that webpage.

### Commitment to Good Governance

The directors of Cygnus Metals Limited ("Cygnus" or the "Company") believe that effective corporate governance improves company performance, enhances corporate social responsibility, and benefits all stakeholders. Governance practices are not a static set of principles and the Company assesses its governance practices on an annual basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the Company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

### ASX Corporate Governance Council's Principles and Recommendations (4<sup>th</sup> Edition)

Cygnus reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. To this end, the Cygnus corporate governance practices and policies have been made with consideration to the ASX Recommendations.

The following table summarises which of the ASX Recommendations the Company has not complied with. Reasons for non-compliance are explained in this report.

ASX Recommendation	Description
1.5	<p>A listed entity should:</p> <ol style="list-style-type: none"> <li>have and disclose a diversity policy;</li> <li>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</li> <li>disclose in relation to each reporting period:               <ol style="list-style-type: none"> <li>the measurable objectives set for that period to achieve gender diversity;</li> <li>the entity's progress towards achieving those objectives; and</li> <li>either:                   <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> </li> </ol> </li> </ol> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>
2.4	A majority of the board of a listed entity should be independent directors.
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 Managing Director of the entity.

## Principle 1 - Lay solid foundations for management and oversight by the board

### 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 (“Board”) is collectively responsible for the success of the Company. In order to achieve this objective, the Board must promote and protect the interests of shareholders and other stakeholders. The Board must also ensure that the Company complies with all of its contractual, statutory and legal obligations.

The conduct of the Board, as well as being governed by federal and state legislation, the ASX Listing Rules and the common law, is also regulated by the Company’s constitution, Code of Conduct and other Company policies.

The roles and responsibilities of the Board and the Senior Management (“Executives”) are set out in the Company’s Board & Executive Charter.

The Board & Executive Charter provides that the Board has the following key responsibilities:

- leading and setting the strategic direction/objectives of the Company;
- appointing the Chairman of the Board;
- appointing, and when necessary, replacing, the Managing Director or CEO (collectively referred to as Managing Director);
- approving the appointment and, when necessary, replacement, of Executives and the Company Secretary;
- overseeing the Executives’ implementation of the Company’s strategic objectives and performance generally;
- approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- overseeing the integrity of the Company’s accounting and corporate reporting systems, including the external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company’s financial position and performance);
- overseeing the Company’s processes and procedures for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company’s securities;
- reviewing, ratifying and monitoring the effectiveness of the Company’s risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- approving the Company’s remuneration framework.

During 2022, the Board delegated responsibility for the day-to-day management of the Company to the Executive Director (in 2023, the Managing Director) who is supported by the Executives. However, the Board remains ultimately responsible for the strategic direction of the Company.

The Board & Executive Charter provides that the Managing Director has the following key responsibilities:

- overseeing the day-to-day operations and administration of the Company;
- leading and supervising the Executives; and
- keeping the Board informed of any material issues or developments within the Company.

The Charter also states that the Managing Director receives support from the Executives in respect of:

- implementing the strategic direction/objectives provided by the Board;
- supplying the Board with required information in a timely and clear manner;
- developing control and accountability systems in respect of compliance, risk management and corporate governance;
- operating within the risk appetite set by the Board; and
- maintaining accurate financial and other reports.

## 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.

As stipulated in the ASX Recommendations, background checks are carried out on all new directors and senior executives prior to their appointment or submission to security holders for election. These checks include: obtaining character references; confirming the experience and education of the new director; and checking the new Director's criminal record and bankruptcy history. Cygnus confirms that such checks were carried out in respect of the two new Directors appointed during 2022.

The Company ensures that all material information in its possession relevant to a shareholder's decision whether to elect or re-elect a director, including the information referred to in Recommendation 1.2, is provided to shareholders in the Company's Notice of Annual General Meeting.

## Recommendation 1.3

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

Each director and Executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities and (to the extent applicable) the matters referred to in the commentary to Recommendation 1.3.

## 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 responsibilities of the Company Secretary are set out in the Board & Executive Charter.

## Recommendation 1.5

A listed entity should:

- d) have and disclose a diversity policy;
- e) 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
- f) disclose in relation to each reporting period:
  - 4. the measurable objectives set for that period to achieve gender diversity;
  - 5. the entity's progress towards achieving those objectives; and
  - 6. either:
    - (C) 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
    - (D) 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.

If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy. In addition, the Company's statement of values can be found in its Code of Conduct.

Under the principles outlined in the Company's Nomination and Remuneration Committee Charter, the Board is responsible for setting measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them.

Given the current size of the Company, the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Cygnus is not considered a "relevant employer" under the Workplace Gender Equality Act and is not required to report against the Gender Equality Indicators as defined by the Act.

Cygnus was not an entity in the S&P / ASX 300 Index at any stage in the 2022 financial year. Notwithstanding this, the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

As at 31 December 2022, the Company had two (2) female employees out of a total of seven (7) employees, two (2) female contractors in senior management positions (CFO and Joint Company Secretaries) and no women on the board.

#### 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 Board & Executive Charter provides that the Board's performance shall be evaluated in such a manner as the Board deems appropriate.

A formal Director performance evaluation was conducted internally in 2022 with the assistance of an independent external facilitator which followed the processes outlined in the Board & Executive Charter. The process evaluated the Board as a whole, individual Directors, the Chairman and Company Secretaries.

#### 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's process for evaluating the performance of the Executives is stated in the Board & Executive Charter.

The evaluation is required to include:

- a comparison of performance against the requirements of the Board & Executive Charter;
- measurement of performance against previously agreed key performance indicators ('KPIs'); and
- setting new KPIs.

Performance evaluations of the Executives are being carried out by the Executive Director in respect of 2022 in accordance with the Board & Executive Charter.

## Principle 2 - Structure the board to 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 attendance 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.

Given the size and composition of the Board, it has been decided that there are no efficiencies to be gained from forming a separate nomination committee. The current Board members carry out the roles that would otherwise be undertaken by a nomination committee and each director excludes themselves from matters in which they have a personal interest.

The roles and responsibilities conducted by the full Board 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 include:

- considering the size and composition of the Board;
- assessing and determining the independence status of each director;
- regularly determine whether each director has enough time to commit to carry out his or her responsibilities;
- implementing a plan for identifying, assessing and enhancing director competencies;
- developing and implementing processes to identify suitable candidates for nomination or appointment to the Board;
- developing and implementing induction procedures for new directors;
- developing, implementing and reviewing the Company's succession plans in place for membership of the Board and the Executives; and
- developing and implementing processes for evaluating the performance of the Board and individual directors.






### 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.

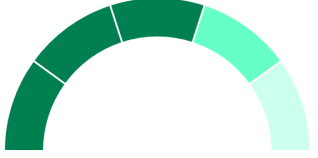




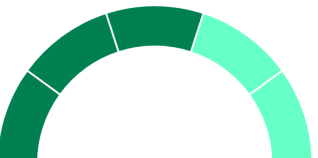
As detailed on the Company's website, the Directors are all professionals with a wealth of experience in different areas relevant to Cygnus's business. Cygnus is committed to ensuring the Board is comprised of directors who possess the appropriate mix of skills, expertise and diversity to adequately discharge its responsibilities and duties.

The Board assesses the need for additional or new directors and the value the current directors bring to the Board. The mix of skills comprised in the current Board, and that the Board would look to maintain and to build on, is set out in the Board Skills Matrix below. An assessment of the skills and experience of the Board is undertaken in relation to the matrix annually, to ensure that Board continues to meet the current and evolving needs of the Company and the corporate landscape in which it operates.

Board members were asked to reflect and rate their level of experience in each skill area as:

Very experienced	
Experienced	
Sufficient	
Limited experience	
No experience	

Skills and Experience	Importance	Current outcomes
<p><b>Industry knowledge</b> In exploration, development, processing or production of base or battery metals or other minerals.</p>	A director's experience in the mining or resources industry assists the Cygnus Metal's board in strategic planning and risk management strategies.	
<p><b>Board of Director Experience</b> A Director or Senior Executive with experience sitting on or interacting directly with a Board and dealing with all areas of corporate governance.</p>	A Director or Senior Executive with experience overseeing the management of a company, setting strategic direction and utilising previous experience to ensure the company operates in the best interests of the stakeholders. Skills and experiences include executive leadership, industry expertise, financial acumen, governance and compliance and stakeholder management.	
<p><b>International Jurisdiction Experience</b> Director or Executive experience working in a foreign jurisdiction or sitting on the Board of a global company.</p>	A Director with experience in international jurisdictions (preferably Canada) can provide guidance to the Company on matters including knowledge of local laws and regulations, cultural understanding, strategic insights, access to local networks and other matters that arise when doing business in foreign countries.	
<p><b>Exploration</b> Direct experience in the operational aspects of mining exploration and development.</p>	A director's experience in the development of a mining operation assists the Board with contract negotiations, project management, financial planning and risk management strategies.	
<p><b>Geology - Resources and Reserves</b> Direct experience in the technical aspects of exploration programs and project development.</p>	Experience as a director or executive with large, value-add exploration programs, and resources and reserves development, is important to assist the Board with exploration planning and strategy.	
<p><b>Mining - Operations</b> Been a former or current mining executive with operational experience.</p>	As Cygnus Metals transitions from explorer to project developer, a director's understanding and appreciation of mining engineering, design, method and risk will be an essential component to ensure Cygnus Metal's operational and financial success.	
<p><b>Corporate financing</b> Experience with capital management strategies and fundraisings (including debt financing and capital raisings).</p>	Relevant experience in capital management strategies informs the Board as to complex financial, regulatory and operational issues.	

Skills and Experience	Importance	Current outcomes
<p><b>Financial and accounting</b></p> <p>Former or current CFO role, or professional experience in corporate finance, financial accounting, reporting and treasury.</p>	<p>Financial acumen, demonstrated by a director's experience in financial accounting and reporting, corporate finance and internal financial controls, provides the director with the tools to interpret financial performance, contribute to financial planning, oversee budgets and funding arrangements, apply discipline in costs control, and rigour in risk identification and mitigation.</p>	
<p><b>Human Resources and Leadership</b></p> <p>Senior executive experience and the ability to evaluate executive and Board performance, executive remuneration, and succession planning, and to influence organisational culture.</p>	<p>A director's ability to draw on executive experience in attracting, leading and retaining a high performing team to deliver on the Company's strategic objectives, ensuring long-term success and sustainability of the business through talent development and executive succession planning, remuneration benchmarking and incentive structures, and understanding/influencing organisational culture, is integral to Cygnus Metals developing and sustaining its financial and operational results and people management.</p>	
<p><b>Strategic Planning</b></p> <p>Identifying and critically assessing strategic opportunities and threats to the organisation and implementing successful strategies in the context of an organisation's policies and business objectives.</p>	<p>A director's experience in developing and implementing successful strategy, and the ability to provide oversight of management for the delivery of strategic objectives, is a fundamental requirement of every Cygnus Metals director, to add value to the Board.</p>	
<p><b>Legal and governance</b></p> <p>Knowledge of relevant laws and regulatory frameworks, and an ability to identify and oversee the Company's management of its legal and contractual obligations and compliance management.</p>	<p>A director's relevant legal knowledge and ability to implement high standards of governance assist in ensuring Company compliance with laws and regulations applicable to listed resources entities, including financial and corporate business activities. Such experience also contributes to the Board's understanding of the role of directors and the Board's legal responsibilities.</p>	
<p><b>M&amp;A / Joint Ventures</b></p> <p>Experience with assessing capital projects, investments and merger and acquisition opportunities and joint ventures, and their financing and performance.</p>	<p>Relevant experience in merger and acquisition transactions and joint venture transactions informs the Board as to complex financial, regulatory and operational issues.</p>	
<p><b>Stakeholder relations</b></p> <p>Experience in stakeholder relations including shareholders, traditional owners, government and community liaison.</p>	<p>A track record of overseeing successful engagement with a range of key stakeholders at national, regional and local levels, including community relations, government affairs, non-government organisations and investor relations, and contributing to a communication strategy with stakeholders is essential for members of the Board.</p>	

Skills and Experience	Importance	Current outcomes
<b>Risk Management</b> Direct involvement in risk management and insurances and has been or is a current member of another company's risk management committee.	Maintaining effective risk identification, management and internal control, and the understanding of specialist risks such as cyber security risks, corporate tax requirements and jurisdictional risks, are a cornerstone of Cygnus Metals' audit and risk management processes.	
<b>Health, Safety, Environment and Community (HSEC)</b> Experience in integrating HSEC principles into decision making and proactive identification and prevention of HSEC risk.	Experience of a director related to workplace environmental compliance, and community relations and governance affairs, is integral to the critical evaluation of frameworks and processes designed to ensure that all regulatory obligations are met and Cygnus Metals' social licence to operate in the communities in which it operates, is earned and further developed.	
<b>ASX experience</b> Director or Executive experience in ASX listed company(s).	A Director with experience navigating ASX regulations and compliance is critical to ensuring Cygnus Metals operates in a transparent and accountable manner, maintaining integrity and investor confidence.	

The Board structure and composition will be reviewed as and when the Company's strategic direction and activities change. The Company will only recommend the appointment of additional directors to the Board where it believes the expertise and value added outweighs the additional cost.

### Recommendation 2.3

A listed entity should disclose:

- the names of the directors considered by the board to be independent directors;
- if a director has an interest, position 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 or relationship in question and an explanation of why the board is of that opinion; and
- the length of service of each director.

Director	Role	Profession	Independent	Date of appointment	In office (years)
Mr Ray Shorrocks	Non-Executive Chairman	Corporate Finance Professional	No	30 June 2020	2
Mr David Southam	Non-Executive Director*	Corporate Finance Professional	No	1 November 2022	0
Mr Michael Bohm	Non-Executive Director	Mining Professional and Engineer	No	30 September 2016	6
Mr Michael Naylor	Executive Director*	Corporate Finance Professional	No	25 May 2022	0
Mr Shaun Hardcastle	Non-Executive Director	Lawyer	No	30 June 2020	2

\*Mr Southam commenced as Non-Executive Director in November 2022, but transitioned to Managing Director in February 2023. Mr Naylor transitioned from Executive Director to Non-Executive Director of the Company in March 2023.



## Recommendation 2.4

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

The Board is not comprised of a majority of independent directors and does not currently have an independent Chairman.

As announced on 27 March 2023, Mr Kevin Tomlinson will join the Board as independent Non-Executive Chairman from 3 April 2023.

When considering the independent status of each director, the Board takes into account the interests disclosed by the director and whether the director:

- is a substantial shareholder of the Company (being a shareholder who has a relevant interest in more than 5% of the shares in the Company) or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or its subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the Board; or
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company or its subsidiaries, or an employee materially associated with the services provided;
- is a material supplier or customer of the Company or its subsidiaries, or an officer or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or its subsidiaries other than as a director.

Mr Shorrocks and Mr Naylor are not considered to be independent due to their recent executive roles. Mr Bohm and Mr Naylor are also not considered independent due to having been, or having been associated directly with, substantial holders of the Company within the last 3 years. Mr Hardcastle is not considered independent as he is a partner at Hamilton Locke, the Company's corporate legal advisors.

The Company does not have a majority of independent directors, however, the Board considers that given the size and scope of the Company's operations, it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and operational perspective.

To assist the directors of the Board with their independent decision making, the Board collectively, and each Director, has, subject to prior consultation with the Chairman, the right to seek independent professional advice at the Company's expense. A copy of such advice is required to be made available to all members of the Board.

## 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 Board does not have an independent chair, as the current Chairman was an executive of the Company until May 2022.

Given Mr Shorrocks' industry experience, the Board considered that he was the correct person to be Chairman of the Company. As announced on 27 March 2023, Mr Kevin Tomlinson will join the Board as independent Non-Executive Chairman from 3 April 2023.

## 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.

In order for the new director to participate fully and actively in board decision-making at the earliest opportunity, an induction process is carried out immediately after appointment. This induction is facilitated by the Company Secretary and Managing Director, and involves meeting with other members of the Board, the Chairman and the Executives; and being provided with a pack of relevant documents and information.

All directors are expected to maintain skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education which is paid for by the Company where appropriate.

## Principle 3 - Promote ethical and responsible decision making

### Recommendation 3.1

A listed entity should articulate and disclose its values.

Cygnus's values and commitments are reflected and documented in a range of policies and associated procedures, including the Code of Conduct, which underpin the way in which the Company operates and which are communicated to all Employees and other relevant persons. Cygnus's key corporate governance policies ("Policies") are available on its website and are maintained, updated and added to as appropriate to reflect changes to the operating and legislative environment relevant to the Company and its subsidiaries.

### 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, Continuous Disclosure Policy, Diversity Policy and Security Trading Policy which set out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants.

There were no material breaches of those policies during the year.

### 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. There were no material incidents reported under the policy during 2022.

### Recommendation 3.4

A listed entity should:

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

The Company has an Anti-Bribery and Corruption Policy. There were no material breaches reported under the policy during 2022.

## Principle 4 - Safeguard integrity in financial reporting

### 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 of those meetings; or
- b) if it does not have an audit committee, disclose the fact and the process 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 a separate Audit Committee. Given the size of the board it has been decided that there are no efficiencies to be gained from forming a separate audit committee. The current board members carry out the roles that would otherwise be undertaken by an Audit Committee.

The procedures detailed in the Audit and Risk Management Committee Charter continue to be relevant and outline the process employed by the board of directors to 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.

### 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 Managing Director (or Executive Chairman or Executive Director in the absence of a Managing Director) and CFO (or most senior financial consultant/employee) provided the Board with a declaration in accordance with Section 295A of the Corporations Act that all financial statements that lodged throughout the reporting period are founded on a sound system of risk management and internal compliance.

### 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 relevant contents of reports released by Cygnus via the ASX Market Announcements platform are verified by the appropriate person having primary responsibility and expertise in the area. For reports relating to:

- financial matters, typically Cygnus' Chief Financial Officer, will sign off on such reports in conjunction with Cygnus's Executive Director;
- technical matters, typically Cygnus' Chief Geologist, will sign off on such reports in conjunction with Cygnus' Executive Director; and
- in regard to matters outside these areas, Cygnus will typically engage with its external advisers as to the form and content of the relevant disclosure.

All reports released via the ASX Market Announcements platform will be subject to sign off by the directors of Cygnus.

## 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 a Continuous Disclosure Policy. This policy outlines the disclosure obligations of the Company and its subsidiaries as required under the Corporations Act 2001 and the ASX Listing Rules. This policy is designed to ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules such that:

- all investors have equal and timely access to material information; and
- Cygnus announcements are factual and presented in a clear and balanced manner.

All Cygnus Group directors, officers and employees should observe the requirements set out in the policy.

The purpose of the policy is to:

- summarise the Company's disclosure obligations in accordance with the Listing Rules and the Corporations Act;
- explain what type of information needs to be disclosed;
- identify who is responsible for disclosure; and
- explain how individuals at the Company can contribute.

The Managing Director and/or the Chairman, in consultation with the Company Secretary, are responsible for ensuring disclosure of information to 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.

In accordance the Company's Continuous Disclosure Policy, the Cygnus Company Secretary (or, in their absence, the Cygnus Executive Chairman) ensures that all Cygnus directors are sent a copy (generally via email) of all ASX disclosures and media releases, promptly after they have been made by Cygnus.

### 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.

In accordance with the Company's Continuous Disclosure Policy, if any new and substantive investor or analyst presentations are made, Cygnus will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

## Principle 6 - Respect the rights of shareholders

### 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 operations is located at the Company's website, [www.cygnusmetals.com](http://www.cygnusmetals.com).

Information about the Company's corporate governance (including links to the Company's corporate governance policies and charters) is located on the Company's website.

## Recommendation 6.2

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

The Company respects the rights of its shareholders and is committed to communicating effectively with them. The Company has a Continuous Disclosure Policy and a Shareholder Communications Policy.

The Chairman, the Managing Director (in the absence of a Managing Director, the Executive Chairman) and the Company Secretary have the primary responsibility for communication with shareholders. Information is communicated through:

- continuous disclosure to relevant security exchanges of all material information;
- periodic disclosure through the annual, half year and quarterly financial reports;
- notices of meetings and explanatory material;
- investor presentations;
- the annual general meeting; and
- the Company's website.

The Company makes available a telephone number and email address for shareholders to make enquiries. The Company's website is updated with material announcements released to the ASX as soon as practicable after confirmation of release, by the ASX. In addition, shareholders' can be notified by email of all material announcements by subscribing to the Company's mailing list (this is done via the Company's website).

Cygnus shareholders are also provided an opportunity to ask questions at the Company's AGM, which is also attended by the Company's external auditor (who can answer questions about the annual audit).

## Recommendation 6.3

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

The Company's Shareholder Communication Policy sets out how the Company communicates with shareholders and the market effectively and is designed to promote a two-way dialogue.

## 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.

In line with best practice as recommended by the ASX Corporate Governance Principles, the Company has adopted the practice of ensuring that all substantive resolutions presented at general meetings of shareholders will be decided by a poll, as outlined in its Shareholder Communication Policy. For each such resolution, the Company will record the number of securities voted for the resolution, the number of securities voted against the resolution and the number of securities in respect of which abstentions from voting apply. The results of the poll will be notified to ASX and released as an announcement immediately after the meeting has been held.

## 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 welcomes electronic communications from its Shareholders via its publicised email address [info@cygnusmetals.com](mailto:info@cygnusmetals.com). Upon admission onto the Company's share register, the Company's security registry provides shareholders with the option to receive communications from, and send communications to, the Company's security registry electronically including the Annual Report and Notice of Meeting and electronic voting.

## 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:
  1. the charter of the committee;
  2. the members of the committee; and
  3. 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 does not have a separate Risk Management Committee. Given the current size of the Company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role.

However, the Company does have an Audit and Risk Management Committee Charter. The Company does not have a single specific risk management policy, but rather, financial and operating risks are addressed through individual approved policies and procedures covering financial, contract management, safety and environmental activities of the company.

The Company also engages an insurance broking firm as part of the company's annual assessment of the coverage for insured assets and risks. The results of all the various reviews and insurances are reported to the board at least annually.

The integrity of Cygnus's financial reporting relies upon a sound system of risk management and control. Accordingly, the Managing Director (or the Executive Chairman in the absence of the Managing Director) and Chief Financial Officer (or most senior financial employee/consultant), to ensure management accountability, are required to provide a statement in writing to the board that the financial reports of Cygnus are based upon a sound risk management policy.

The Board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately

### 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 Company has a risk management framework (which includes a risk register) to ensure that risk management is integrated into all Cygnus operations. This is reviewed annually.

Reporting on Company risk management occurs on an ongoing basis and reported to the Board of Directors (by the Executive Chairman and CFO (or most senior financial employee/consultant)). Business risks are continually assessed (at least annually) by the Board in accordance with the Company's risk management and internal control policy.

## 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.

Given the Company's current size and level of activity, the Board does not deem it appropriate to create an internal audit function or engage an external advisor to complete this function. Through external audit procedures and internal risk management policies and procedures the Board considers there to be sufficient processes in place for evaluating and continually improving the effectiveness of its risk management and internal control processes. Refer to the Company's Audit and Risk Management Committee Charter.

## 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, as a metals exploration company, faces inherent risks in its activities, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.

The Company has in place procedures in place for reporting on significant risks (as described above at Recommendation 7.2), which are continually being developed and updated to help manage these risks. The Board also believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

## 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 has not established a separate remuneration committee. Given the current size of the company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role. The board of directors reviews and approves recommendations in terms of compensation and incentive plan arrangements for directors and senior executives, having regard to market conditions and the performance of individuals and the consolidated entity.

The procedures detailed in the Nomination and Remuneration Committee Charter outline the process employed by the Board for setting the level and composition of remuneration for Directors and Executives and ensuring that such remuneration is appropriate and not excessive.

## 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's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Company's Nomination and Remuneration Committee Charter and in the Remuneration Report.

## 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 economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it.

The Company has an equity-based remuneration scheme. The Company has an internal policy on director and employee incentive hedging which imposes securities trading restrictions on Cygnus employees. Under the policy, employees who have been issued Incentives are strictly prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested scheme entitlement.