



CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out Castile Resources Limited's (**Company**) current compliance with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory, and this Corporate Governance Statement discloses the extent to which the Company has followed the Principles and Recommendations and explains reasons where a Recommendation has not been followed.

This Corporate Governance Statement is current as at 27 September 2023 and has been approved by the Board of Directors of the Company.

The Company has adopted a range of corporate governance policies which document the Company's corporate governance practices. A copy of this Corporate Governance Statement and the Company's corporate governance policies are available from the Company's website at <https://www.castile.com.au/corporate/corporate-governance/>.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- (a) setting the strategic aims of the Company and overseeing management's performance within that framework;
- (b) overseeing management's performance and the progress and development of the Company's strategic plan;
- (c) ensuring that a sound system risk management and internal controls are in place; and
- (d) controlling and approving financial reporting, capital structures and material contracts.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Managing Director and the management team. The management team, led by the Managing Director is accountable to the Board.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether to elect a director.

The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Board Charter.



Recommendation 1.3

The Company has a written agreement with each of the Directors setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company has entered into with its Managing Director, any of its directors, and any other person or entity who is a related party of the Managing Director or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, and Directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board through the Chairman of corporate governance policies; and
- (d) conducting and reporting matters of the Board, including the dispatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy which is available on the Company's website. The purpose of the policy is:

- (a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
- (b) to provide a process for the Board to determine measurable objectives and procedures which the Company may use to implement and report against to achieve any diversity goals.

Given the scale of the Company's operations, including the size of the Board and management, the Board does not presently intend to set measurable diversity objectives because:

- a) the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to the limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and
- b) if it becomes necessary to appoint any new Directors or senior executives, the Board will consider the application of the measurable diversity objectives and determine whether, given the size of the Company and the Board at the time, requiring specified objectives to be met will unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing the best person for the job.

Recommendation 1.6

The Chair is responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board Performance Evaluation Policy.

This policy is to ensure:

- (a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
- (b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- (c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy is reviewed annually. During the financial year an evaluation of the performance of the Board and its



members was not formally carried out. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.

Recommendation 1.7

The Board is responsible for evaluating the performance of the Company's senior executives in accordance with the Company's Board Performance Evaluation Policy.

The Chair is responsible for evaluating the performance of the Company's Managing Director in accordance with the Company's Board Performance Evaluation Policy.

During the financial year an evaluation of the performance of the Board and its members was not formally carried out. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.

Principle 2: Structure the board to add value

Recommendation 2.1

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and Nomination Committee Charter.

When the Board meets as a remuneration and nomination committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration and Nomination Committee are marked as separate agenda items at Board meetings when required. The Board will periodically devote time to discuss succession issues. The Board periodically reviews and assesses the appropriate balance of skills, experience, independence and knowledge required of the Board.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee, and this charter is available on the Company's website. The Board discloses the qualifications and experience of the Directors, and the number of Committee meetings held in each Annual Report published by the Company.

Recommendation 2.2

The Company does not have a skills or diversity matrix in relation to the Board members. The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.

Recommendation 2.3

The Board currently consists of one executive director and three non-executive directors, of which two are considered by the Board to be independent directors. As a small entity, the Company has at this stage decided to select directors with the expertise and experience to support the Company's business strategy rather than strictly adhere with these recommendations. The Company will consider ways of restructuring its Board in the future to ensure that a majority of its members are independent.

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations. Currently the Board is structured as follows:

- (a) Peter Cook (Non-executive Chairman);
- (b) Mark Hepburn (Managing Director);



- (c) Jake Russell (Non-executive Director – Independent); and
- (d) John Braham (Non-executive Director – Independent).

The length of service of each Director is disclosed in each Annual Report published by the Company.

Recommendation 2.4

Two of the Company's four Directors are independent.

Recommendation 2.5

The Company's Chairman is not considered to be independent and is not the same person as the Managing Director. His experience and knowledge of the Company and contribution to the Board are of such value that the Board considers it appropriate that this recommendation is not followed.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the projects, an induction package and presentations. In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly

Recommendations 3.1 and 3.2

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a code of conduct (**Code**), which addresses matters relevant to the Company's values, legal and ethical obligations to its stakeholders and includes provisions requiring the Board to be informed of any material incidents reported under the policy. It may be amended from time to time by the Board. The Code applies to all Directors, employees, contractors and officers of the Company. The Code is available on the Company's website.

Recommendations 3.3 and 3.4

The Company's whistleblower policy and anti-bribery and corruption policy (which form part of the Company's Corporate Governance Policies) are available on the Company's website. Any material breaches of the policies are to be reported to the Board or a committee of the Board.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of the Audit committee are undertaken by the Board.

The full Board in its capacity as the Audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external Auditors. The duties of the full Board in its capacity as the Audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an Audit committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.



The Board is responsible for the initial appointment of the external Auditor and the appointment of a new external Auditor when any vacancy arises. Candidates for the position of external Auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external Auditor based on criteria relevant to the Company's business and circumstances. The performance of the external Auditor is reviewed on an annual basis by the Board.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website. The Board discloses the qualifications and experience of the Directors, and the number of Committee meetings held in each Annual Report published by the Company.

Recommendation 4.2

Before the Board approves the Company's financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer (or equivalents) a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated 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.

Recommendation 4.3

The Company has a process whereby relevant reports are generated by the financial officer and company secretary, reviewed by an Executive Director and approved by the Board before release on the ASX platform.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1, 5.2 and 5.3

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Continuous Disclosure Policy. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate governance policies and procedures and is available on the Company's website.

The Company Secretary manages the policy and provides the Board with copies of all material market announcements promptly after they have been made. The policy will develop over time as best practice and regulations change and the Company Secretary is responsible for communicating any amendments. This policy is reviewed by the Board annually.



Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors on its website at www.castile.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

- (a) relevant announcements made to the market through ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings; and
- (e) copies of annual and half yearly reports.

Recommendation 6.2

The Company has a Shareholder Communication Policy which aims to ensure that Shareholders are informed of all major developments of the Company.

Information is communicated to Shareholders via:

- (a) reports to Shareholders;
- (b) ASX announcements;
- (c) annual general meetings; and
- (d) the Company website.

This Shareholder Communication policy is reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, and that Directors and the Company's external auditor are available at the annual general meeting to answer questions from Shareholders.

Recommendation 6.4

All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands.

Recommendation 6.5

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.



Principle 7: Recognise and manage risk

Recommendation 7.1

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee it carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required. The Board devotes time at Board meetings to fulfil the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedure.

The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website. The Board discloses the qualifications and experience of the Directors, and the number of Committee meetings held in each Annual Report published by the Company.

Responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance / regulations; and
- (d) system / IT process risk.

A risk management model is to be developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2

The Board reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
- (b) quarterly rolling financial forecasts prepared.

The Company has completed periodic reviews of its risk management framework for this financial year.

Recommendation 7.3

The Company does not currently have an internal Audit function. Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all the benefits of an independent internal audit function, the expense of an independent internal auditor is not considered to be appropriate.

The Company monitors, evaluates and improves its risk management and internal control processes in line with the processes set out in its Audit and Risk Management Committee Charter, a copy of which is available on the Company's website.



Recommendation 7.4

Given the speculative nature of the Company's business, it is subject to general risks and certain specific risks, including those disclosed in its IPO prospectus dated 3 December 2019.

The Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it manages those risks in each Annual Report published by the Company.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. The Board devotes time as required, and at least annually, at Board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration, and which is available on the Company's website. The Board discloses the qualifications and experience of the Directors, and the number of Committee meetings held in each Annual Report published by the Company.

Recommendation 8.2

Details of the Company's policies on remuneration are set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure includes a summary of the Company's policies regarding the deferral of performance-based remuneration and (as applicable) the reduction, cancellation or claw-back of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Employee Incentive Plan entering transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Incentive Plan.

Security Trading Policy

The Company has adopted a Security Trading Policy which complies with ASX Listing Rule 12.9. The policy prohibits Directors and executives from entering into any transaction (with certain exemptions) which have the effect of hedging the risk of participating in an equity-based remuneration scheme. The policy is available on the Company's website.