

Xtract Resources PLC Corporate Governance Report

Statement Introduction

Xtract Resources PLC (“Xtract” or the “Company”) and its subsidiaries are required to apply a recognised corporate governance code and demonstrate how the Group complies with such corporate governance code and where it departs from it.

The Board of Xtract has considered the principles and recommendations contained in the Quoted Companies Alliance Corporate Governance Code (2023) (the “QCA Code”) and have formally taken the decision to adopt the QCA Code. The Board recognises the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders without suppressing the entrepreneurial spirit in which small to medium sized companies, such as Xtract, have been created. Each principle is listed below together with a short explanation of how the Company applies each of the principles. The Company is committed to providing annual updates on its compliance with the QCA Code further details of which are set out below.

QCA Corporate Governance Statement

The Company is committed to good corporate governance and has adopted the corporate governance guidelines of the Quoted Companies Alliance (QCA).

Principle 1: Establish a purpose, strategy and business model which promotes long-term value for shareholders

The Board has and continues to pursue a strategy which can achieve long-term value to its shareholders. The investment framework has been to identify and invest in near-term resources assets that:

- Can be brought into production within 24 months
- Are near or at surface without major capital expenditure
- Are on the low end of the cash cost curve and have further upside growth potential
- A low entry cost and located in favourable mining jurisdictions

The Company’s strategy is to build a diversified portfolio of high-potential mineral assets across Northern and Southern Africa by advancing exploration and development projects in Morocco, Zambia and Australia, with a focus on copper and antimony assets, with the aim of creating long-term value through resource discovery, licensing optimisation, and project advancement toward commercial production.

We plan to achieve this through:

- *Expertise and Experience*
Leveraging the extensive mining experience and deep local knowledge of our directors and team of seasoned professionals.
- *Uncovering Opportunities*
Our wealth of experience enables us to identify exploration projects with significant potential. We also through the engagement of experienced mining consultants will apply appropriate mining technologies and processing techniques to our mining projects which are in the exploration and development stages, and other tools that seek to maximise returns.
- *A Commitment to Ethical Standards*
We are dedicated to establishing ourselves as trustworthy business partners for our in-country project partners, suppliers and for the communities at the Company’s projects and to strictly adhere to ethical exploration and mining practices, ensuring fair treatment of workers, responsible sourcing, and minimal environmental impact. Our commitment to ethical standards is integral to every aspect of our operations.
- *Strategic Decision-Making*
We adopt a disciplined approach to project development, evaluating whether to proceed with further development or to divest at opportune stages to maximise shareholder value. Our decisions are guided by a commitment to enhancing returns, ensuring long term value and minimising risk.

Risk factors relating to the Group are set out in the Company’s Directors’ report which forms part of the Annual Report and include but are not limited to; the risk that mining operations have not yet commenced, development and operating

risks, infrastructure risks, reliance on third parties, and key personnel and management, the requirement for regulatory approvals permits and government support, risks relating to health and safety, risk of loss of critical processes, geological and other risks, licencing title risks, government regulation and political risks related Morocco, Zambia and Australia , project specific infrastructure risks, environmental regulation risks, currency risk, copper price volatility, and prior to the commencement of operations financing risks. The Company's risk factors are reviewed and updated by the Finance Director and the wider board annually.

Principle 2: Promote a corporate culture that is based on ethical values and behaviours

The Company aims to operate ethically and be socially responsible in its actions. The culture is set by the Board which is considered and discussed at meetings, knowing that the tone and values it instils filters into all aspects of the Company and the way that its employees behave. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Company are expected to operate in an ethical manner in all of their internal and external dealings.

The Company has established a number of policies to support this aim, including:

- Anti-bribery
- Share dealing code (in accordance with Rule 21 of the AIM Rules for Companies and UKMAR)
- Whistleblowing policy
- Social Media policy

The Company policies are regularly reviewed and updated (if applicable) to ensure they are still fit for purpose.

Principle 3: Seek to understand and meet shareholder needs and expectations

The Company is committed to building and maintaining strong relationships with all of its share-holders.

The Company disseminates news on significant developments and regular operational updates in stock exchange announcements via the Regulatory News Service (RNS). These are also available on the website which also contains project information and AIM Rule 26 disclosure for existing and potential shareholders: <https://www.xtractresources.com/>.

The Company's Annual General Meeting (AGM) is the main forum for discussing matters with shareholders, addressing their queries, and understanding their needs and expectations. The Company holds its AGM (and other General Meetings) at a convenient time and location, normally in London, to ensure shareholders have every chance to attend. The Company also attends investor and sector specific in-person events, through media outreach/interviews as well as social media.

Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Company takes its corporate social responsibilities seriously and focuses on maintaining effective working relationships across a wide range of stakeholders including shareholders, employees, customers and suppliers. The Directors maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making processes of the business.

The Company also shares key progress updates with Company staff and releases public announcements via the RNS service.

The Directors believe they act in the way most likely to promote the success of the Company for the benefit of its members as a whole. Including but not limited to:

- Considering the likely consequences of any decision in the long term;
- Acting fairly between members of the Company;
- Maintaining a reputation for high standards of business conduct;
- Considering the interest of the Company's employees;
- Considering the consequences of any actions taken on the Company's relationship with its partners;
- Fostering the Company's relationships with suppliers, and others;

- Considering the impact of the Company's operations on the community and the environment.

The Company seeks to act in a way that upholds these principles and the Strategic Report in the Company's Annual Reports provides a table summarising how the group engages with key stakeholders.

The Company is committed to operating its mining and exploration activities in a responsible, ethical, and sustainable manner. While the Company is still in the development stage of its mining operations, ESG considerations are incorporated into all strategic and operational decisions as part of our long-term value creation plan.

The Company acknowledges the environmental sensitivity of exploration and mining. The Company strives to:

- Monitor water and waste management at its project sites;
- Minimise environmental impact through responsible land use and rehabilitation planning;
- Ensure that future energy sourcing decisions incorporate efficiency and sustainability considerations.

Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board has identified what it believes to be a sensible and robust approach to opportunity and risk management for a Company of our size. Risks are managed throughout the Group with reviews at functional, operational and Board level and are overseen by the Audit Committee.

Maintaining and evolving mechanisms for internal controls is a continuous process both within the Company and at Board level. Assurance activities, including external reviews are conducted on a regular basis. The Company receives feedback from our external auditors on the state of our risk management and internal controls.

The Board is responsible for establishing and maintaining the Group's system of internal control. Internal control systems manage rather than eliminate the risks to which the Group is exposed and such systems, by their nature, can provide reasonable but not absolute assurance against misstatement or loss. There is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The key procedures which the Directors have established with a view to providing effective internal control, are as follows:

- *Identification and control of business risks*
The Board identifies the major business risks faced by the Group and determines the appropriate course of action to manage those risks.
- *Budgets and business plans*
Each year the Board approves the business plan and annual budget. Performance is monitored and relevant action taken throughout the year through reporting to the Board of changes to the business forecasts.
- *Investment appraisal*
Capital expenditure is controlled by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Appropriate work is carried out if a business or asset is to be acquired.
- *Annual review and assessment*
The Board intends to carry out in the coming year, a detailed review and assessment of the effectiveness of the Group's strategy, a process that will be maintained on an ongoing basis.

Principle 6: Maintain the board as a well-functioning, balanced team led by the chair

The Board comprises (for the time being) four Directors of which two are executive and two are non-executives, reflecting technical and financial experience and backgrounds. The Board considers Kjeld Thygesen and Alastair Ford to be independent non-executives in terms of the QCA guidelines notwithstanding the period they have been in office given they do not have significant shareholdings in the Company. The Company's Executive Chairman is Colin Bird.

The Board is responsible for determining policy and business strategy, setting financial and other performance objectives and monitoring achievement. It meets throughout the year and all major decisions are taken by the full Board by way of meetings and circular resolutions approved by all Board members.

The Chairman takes responsibility for the conduct of the Company and Board meetings and along with the Finance Director ensures that directors are properly briefed to enable full and constructive discussions to take place. The Group's day-to-day operations are managed by the Executive Director Colin Bird as assisted by the Finance Director in respect of corporate matters generally, compliance and company administration. All Directors have access to the Company's Solicitors, and any Director needing independent professional advice in the furtherance of his/her duties may obtain this advice at the expense of the Group. There is no agreed formal procedure in place with the Board regarding the circumstances in which individual directors may take independent professional advice.

The QCA Code Principle 6 states that the role of Executive Chair and Chief Executive Officer should be separate. Given the stage of the Company's early-stage exploration mining projects and the experience of the Executive Chair Colin Bird in managing such international exploration mining projects and his familiarity with the Company's projects the Company believes that it is appropriate for the roles of Chairman and Chief Executive Officer to be combined at this stage.

The Company will keep this under review as the Company's projects develop with a view to splitting the roles when it is clear which projects will become the principal activities of the Company and can justify the need for and benefit from a separate Chief Executive Officer. The Company will therefore consider making further appropriate appointments to the Board as and when considered appropriate.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively, and that all Directors have adequate time to fulfil their roles.

Details of the current Directors, biographical details are set out in the Board of Directors section of the Annual Report and on the Company's website at www.xtractresources.com. The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit to maintain control of the Group. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance.

Under the Company's Articles of Association, the appointment of all new Directors must be approved by shareholders in a general meeting. In addition, one third of Directors are required to retire and to submit themselves for re-election at each Annual General Meeting accordingly, contrary to the QCA Code principle 6 not all Directors will submit themselves for re-election at the Company's AGM.

The Board has established two committees comprising Non-Executive Directors and Executive Directors. The

current composition of the committees is as follows:

Audit	Remuneration
Kjeld Thygesen (<i>Chairman</i>)	Alastair Ford (<i>Chairman</i>)
Alastair Ford	Kjeld Thygesen
Joel Silberstein	Colin Bird

The Audit and Compliance Committee

This committee has primary responsibility for monitoring the Financial Reporting function and internal controls in order to ensure that the financial performance of the Company is properly measured and reported.

The committee receives the financial reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company.

The Committee shall meet not less than twice in each financial year, to review the published financial information, the effectiveness of external audit and internal financial controls.

The Committee has unrestricted access to the Company's auditors. The committee also monitors the controls which are in force and any perceived gaps in the control environment.

The Board believes that the current size of the Group does not justify the establishment of an independent internal audit department.

The Audit Committee meets twice during the year including the specific matters set out below.

Remuneration Committee

The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment.

The Remuneration Committee determines the scale and structure of the remuneration of the executive Directors and approves

the granting of options to Directors and senior employees and the performance related conditions thereof.

The Remuneration Committee also recommends to the Board a framework for rewarding senior management, including Executive Directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience to make a significant contribution to the Group and ensures that the elements of the remuneration package are competitive and help in underpinning the performance-driven culture of the Group.

The Remuneration Committee also considers and approves bonuses under the Company's Revised Incentive Scheme approved by shareholders at the 2024 annual general meeting, as well as the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee

The Company does not currently have a separate Nominations Committee, with the entire Board involved in the identification and approval of Board members which the Board considers to be appropriate given the Company's size and nature, but it will continue to monitor the situation as it grows. The QCA Code Principle 6 states that there should be a nomination committee to deal with the appointment of both executive and non-executive Directors except in circumstances where the Board is small. The Directors consider the size of the current Board to be small and have not therefore established a separate nomination committee. The appointment of executive and non-executive Directors is currently a matter for the Board as a whole. This position will be reviewed should the number of directors increase.

The Director's report in the Annual Report includes a report on directors' remuneration and service contracts and includes details of the revised incentive schemes approved at the 2024 AGM ("Revised Incentive Schemes"). All the directors are eligible participants in the Revised Incentive Schemes

The Revised Incentive Scheme approval included a statement that the remuneration committee of the Company will make awards to Eligible Participants to reward, retain and recruit Eligible Participants and reward performances against performance measures determined by the remuneration committee. A member of the remuneration committee will not participate in the determining of their own award. The remuneration committee will in determining awards take into account that it is the Company's remuneration policy to, seek where possible, to remunerate and incentivise Eligible Participants on the basis of lower base fees and on the basis that they will also be remunerated by participation in the Company's Incentive Schemes and in the case of non-executive directors be mindful of the potential effect towards objectivity and director independence that may result from performance linked awards.

Principle 7: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

All the current directors are considered to provide a diverse range of appropriate skills and experience. The Company provides, or will provide, adequate support and training to ensure that the Directors remain appropriately skilled and able to fulfil their duties to the required standard, and regularly assesses the board composition and will look to recruit in further skillsets as and when that may be required.

Colin Bird

Executive Chairman

Executive Chairman Colin is a chartered mining engineer and a Fellow of the Institute of Materials, Minerals and Mining with more than 40 years' experience in resource operations management, corporate management, and finance. Colin has multi commodity mine management experience in Africa, Spain, Latin America and the Middle East. He has been the prime mover in a number of public company listings in the UK, Canada and South Africa. His most notable achievement was founding Kiwara Resources Plc and selling its prime asset, a copper property in Northern Zambia, to First Quantum Minerals for US\$260 million in November 2009.

Alastair Ford

Independent Non-Executive Director

Alastair has been involved in the mining sector for more than two decades. For many years he was the mining correspondent at The Investors' Chronicle, the UK's number one investment magazine. He also played a key role at Minesite.com, the mining investment portal that was prominent during the last mining boom and in the aftermath. He was subsequently Chief Investment Officer and Chief Executive of Mineral & Financial Investments, an AIM-listed mining and commodities investment vehicle, and is currently a non-executive director of Great Western Mining and Galileo Resources Plc.

Kjeld Thygesen

Independent Non-Executive Director

Kjeld has a wealth of natural resource industry experience having worked as an executive director of N M Rothschild International Asset Management and subsequently, as the investment manager to several natural resource funds. Between 2002 and 2010 he served as a director of Ivanhoe Mines Ltd, which discovered and developed the Oyu Tolgoi mine in the South Gobi Desert of Mongolia, which was acquired by Rio Tinto. Mr Thygesen's particular focus is in financing, valuation and corporate development.

Joel Silberstein

Finance Director

Joel holds an Honours Bachelor of Accounting Science degree from the University of South Africa.

He qualified as a chartered accountant with Mazars, Cape Town in 2002, and subsequently joined Toronto-quoted European Goldfields Limited. There he held the position of Group Financial Controller and Vice President Finance, supporting the executive team in growing the company through its exploration and development phases, until it was bought by Eldorado Gold in a C\$2.5bn deal. He joined AIM-traded Xtract Resources plc in mid-2013 and was appointed finance director in February 2014. He has subsequently assisted in several corporate transactions, including those surrounding the Manica gold mining operations, and he has experience of working in multiple jurisdictions around the world. He also joined the Galileo Resources Plc board in October 2020 as Financial Director. He is a member of the Institute of Chartered Accountants of South Africa as well as a Fellow of the Institute of Chartered Accountants in England and Wales.

The appropriateness of the Board's structures and processes will, when appropriate, be reviewed through a formal Board evaluation and effectiveness process led by the Chairman together with other Directors, and these will evolve in parallel with the Company's objectives, strategy, business model and our governance framework.

The Board is also supported by the Audit Committee and the Remuneration Committee, further details of which are set out above in Principle 7.

Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board considers that the corporate governance policies it has currently in place for Board performance reviews are commensurate with the Company's size and development stage.

Given the current size and nature of the Company, the Board does not have a formal performance evaluation procedure in place, as described and recommended in QCA Code Principle 7 but will closely monitor this situation as the Company's operations develop and grow in size and complexity.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Company believes that its remuneration structure for executives and senior managers is appropriate for a company of its size and current development stage. The Company encourages employees' interests to be aligned with all Shareholders through the awarding of options, which board members and senior management participate in.

The Annual Report outlines the approach of our Remuneration Committee and policies.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders and other stakeholders through its Annual and Interim Reports, regulatory and non-regulatory announcements, its website, Annual General Meetings and face-to-face meetings. More detail has been provided in Principle 1 above.