

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Arafura Resources Limited
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ABN/ARBN

22 080 933 455
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Financial year ended:

30 June 2022
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Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- These pages of our annual report:
- This URL on our website: <https://www.arultd.com/corporate/corporate-governance.html>

The Corporate Governance Statement is accurate and up to date as at 17 August 2022 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 17 August 2022

Name of authorised officer	Catherine Huynh
authorising lodgement:	Company Secretary

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<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer to page 4) and we have disclosed a copy of our board charter at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a>	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer to page 4).	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/> In our corporate governance statement (refer to page 4).	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer to page 4).	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

<sup>5</sup> If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period:               <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) <b>the entity's progress towards achieving those objectives;</b> and</li> <li>(3) either:                   <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the <b>entity has defined "senior executive" for these purposes</b>); or</li> <li>(B) <b>if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</b></li> </ul> </li> </ul> </li> </ul> <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>	<p><input checked="" type="checkbox"/> In our corporate governance statement (refer to page 4). We have disclosed a copy of our diversity policy at: <a href="https://www.arultd.com/corporate/corporate-governance.html">https://www.arultd.com/corporate/corporate-governance.html</a></p> <p>Arafura does not comply with paragraph (c) as we do not have any measurable objectives for achieving gender diversity. The Board decided not to set measurable objectives for achieving gender <b>diversity at this stage. The current size and nature of the Company's</b> operations enables the Board to monitor gender diversity without establishing measurable objectives as such objectives are not practical at this stage.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(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.</li> </ul>	<p><input checked="" type="checkbox"/> We have disclosed the evaluation process referred to in paragraph (a) and whether a performance evaluation was undertaken for the reporting period in accordance with that process during the reporting period in our corporate governance statement (refer to page 5).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(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.</p>	<p><input checked="" type="checkbox"/> We have disclosed the evaluation process referred to in paragraph (a) and whether a performance evaluation was undertaken for the reporting period in accordance with that process in our corporate governance statement (refer to page 5).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p><input checked="" type="checkbox"/> Arafura complies with paragraph (a); and we have disclosed a copy of the charter of the committee at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a> and the information referred to in paragraphs (4) in our corporate governance statement (refer to page 5) and (5) <b>in the Directors' Report (refer to Arafura's annual report 2022, page 26).</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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.</p>	<p><input checked="" type="checkbox"/> We have disclosed our board skills matrix in our corporate governance statement (refer to page 5).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation 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</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/> We have disclosed the names of the directors considered by the board to be independent directors and, where applicable, the information referred to in paragraph (b) in our corporate governance statement (refer to page 6).</p> <p>We have disclosed the length of service of each director in the <b>Directors' Report (refer to Arafura's annual report, pages 19-24).</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/> In our corporate governance statement (refer to page 7).	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer to page 7).	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer to page 7).	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 8) and we have disclosed our code of conduct at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 8) and we have disclosed our whistleblower policy at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 8) and we have disclosed our anti-bribery and corruption policy at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a>	<input type="checkbox"/> set out in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input checked="" type="checkbox"/> Arafura complies with paragraph (a). We have disclosed a copy of the charter of the committee at:</p> <p><a href="https://www.arultd.com/corporate/corporate-governance.html">https://www.arultd.com/corporate/corporate-governance.html</a> and the information referred to in paragraphs (4) in our corporate governance statement (refer to page 8) and (5) <b>in the Directors' Report (refer to Arafura's annual report 2022, page 26).</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the <b>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.</b></p>	<p><input checked="" type="checkbox"/> In our corporate governance statement (refer page 8).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p><input checked="" type="checkbox"/> In our corporate governance statement (refer page 8).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9) and we have disclosed our continuous disclosure compliance policy at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9).	<input type="checkbox"/> set out in our Corporate Governance Statement
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9).	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9) and we have disclosed information about us and our governance on our website at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9).	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9) and we have disclosed how we facilitate and encourage participation at meetings of security holders at: <a href="https://www.arulld.com/corporate/corporate-governance.html">https://www.arulld.com/corporate/corporate-governance.html</a> (refer to our Shareholder Communication Policy) and in our Notices of Annual General Meeting which are published on the market announcements platform and on our website.	<input type="checkbox"/> set out in our Corporate Governance Statement
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9) and in our Shareholder Communication Policy.	<input type="checkbox"/> set out in our Corporate Governance Statement
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.	<input checked="" type="checkbox"/> In our corporate governance statement (refer page 9).	<input type="checkbox"/> set out in our Corporate Governance Statement

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it <b>employs for overseeing the entity's risk management framework</b>.</p>	<p><input checked="" type="checkbox"/> Arafura complies with paragraph (a). We have disclosed a copy of the charter of the committee at:</p> <p><a href="https://www.arultd.com/corporate/corporate-governance.html">https://www.arultd.com/corporate/corporate-governance.html</a> and the information referred to in paragraphs (4) in our corporate governance statement (refer to page 10) <b>and (5) in the Directors' Report (refer to Arafura's annual report 2022, page 26).</b></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review <b>the entity's risk management framework</b> 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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><input checked="" type="checkbox"/> and we have disclosed whether a review <b>of the entity's risk management framework</b> was undertaken during the reporting period in our corporate governance statement (refer to page 10).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p><input checked="" type="checkbox"/> Arafura complies with paragraph (b) and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes in our corporate governance statement (refer page 10).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

**Key to Disclosures Corporate Governance Council Principles and Recommendations**

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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.	<input checked="" type="checkbox"/> We have disclosed whether we have any material exposure to environmental and social risks at: <a href="http://www.arultd.com/commitments/sustainability.html">www.arultd.com/commitments/sustainability.html</a> .	<input type="checkbox"/> set out in our Corporate Governance Statement

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>Arafura complies with paragraph (a): and we have disclosed a copy of the charter of the committee at: <a href="https://www.arultd.com/corporate/corporate-governance.html">https://www.arultd.com/corporate/corporate-governance.html</a> and the information referred to in paragraphs (4) in our corporate governance statement (refer to page 11) and (5) <b>in the Directors' Report</b> (refer to <b>Arafura's annual report 2022</b>, page 26).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>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.</p>	<p><input checked="" type="checkbox"/> We have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives <b>in our Remuneration Report</b> (refer to <b>Arafura's annual report 2022</b>, pages 27-39).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input checked="" type="checkbox"/> We have disclosed our policy on this issue in our Securities Trading Policy available on our website at <a href="https://www.arultd.com/corporate/corporate-governance.html">https://www.arultd.com/corporate/corporate-governance.html</a> and in our corporate governance statement (refer page 11).</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input checked="" type="checkbox"/> We have disclosed information about the processes in place in our corporate governance statement (refer page 11).	<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.		<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		<input type="checkbox"/> set out in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable



# 2022 CORPORATE GOVERNANCE STATEMENT

[Arafura Resources Limited](#) | ABN 22 080 933 455



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## OUR APPROACH TO CORPORATE GOVERNANCE

Arafura Resources Limited ACN 080 933 455 (Company) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (Principles & Recommendations). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation. The Company's Corporate Governance policies and procedures is available on the Company's website.

The following governance-related documents can be found on the Company's website at [www.arultd.com](http://www.arultd.com), under the section marked "Corporate Governance":

### Charters

- Board
- Audit Committee
- Risk Management Committee
- Remuneration and Nomination Committee

### Policies and Procedures

- Anti-Bribery and Corruption Policy
- Code of Conduct
- Disclosure Policy
- Securities Trading Policy
- Diversity Policy
- Shareholder Communication Policy
- Statement of Company Values
- Whistleblower Policy
- Risk Management Policy

The Company reports below on whether it has followed each of the recommendations during the 2021/2022 financial year (Reporting Period).

The information in this statement is current at 17 August 2022. This statement was approved by a resolution of the Board on 17 August 2022.

## 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*.

### 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 or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors*.

### Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is related party of the Managing Director or any of its directors has been 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 as outlined in the Company's *Board Charter*. The Company's Secretary's role is also outlined in the employment agreement between the Company Secretary and the Company.

### Recommendation 1.5

The Company has a *Diversity Policy*, which outlines the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Company performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees and also outlines the process by which the Board may set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company. The Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity (or to assess annually both the objectives and the Company's progress in achieving them) but notes that the Board may do so.

For the Reporting Period, the Board decided not to set measurable objectives for achieving gender diversity. After consideration, the Board decided that the size and nature of the Company's operations meant that establishing meaningful objectives was not practical at this stage.

The Board considers that it can monitor gender diversity without establishing objectives. The Board will reconsider the establishment of measurable objectives for achieving gender diversity as its circumstances change.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. "Senior executive" for these purposes means Key Management Personnel as defined in the Accounting Standards:

	Proportion of Women
Whole organisation	9 out of 21 <b>(42%)</b>
Senior executive positions (excluding the Managing Director)	0 out of 2 <b>(0%)</b>
Board	1 out of 6 <b>(17%)</b>

### Recommendation 1.6

The Chair has the overall responsibility for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Remuneration and Nomination Committee is responsible for evaluating the Managing Director whilst the Chairman of the Audit Committee is, when deemed appropriate, responsible for evaluating the Chairman of the Company after having canvassed the views of the other directors.

The process employed by the Company for evaluating the performance of the Board, individual directors and any applicable committees is set out in the Company's *Process for Performance Evaluations*.

During the Reporting Period each director, including the Managing Director, completed a Performance Evaluation questionnaire. The results from the individual questionnaires were collated and reviewed by the Board.

The Remuneration and Nomination Committee conducted an evaluation of the Managing Director's performance during the year. The evaluation consisted of performance and leadership competencies. It also considered such things as market sentiment and industry activity.

### Recommendation 1.7

The Managing Director is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

An evaluation of senior executives is completed on an annual basis. The evaluation consisted of a formal review of performance against the core competencies expected of each senior executive.

## PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

### Recommendation 2.1

The Board has established a Remuneration and Nomination Committee comprising Mark Southey (Chair), Chris Tonkin and Cathy Moises. The Remuneration and Nomination Committee is structured in accordance with Recommendation 2.1.

Details of director attendance at Remuneration and Nomination Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 26 of the Company's 2022 Annual Report.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration and Nomination Committee and is disclosed on the Company's website.

### Recommendation 2.2

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on pages 19-24.

An appropriate mix of director skills, diversity and board size is required to oversee the Company's strategic direction, opportunities, and challenges at all stages of its development towards the goal of commencing

production. When considering the appointment of new directors, the Board seeks to recruit individuals with complementary skills, professional qualifications, and experience to meet the expectations of investors and capital markets. In support of this, the Board applies a Skills Assessment to guide its succession planning and director recruitment agenda.

The following strategy statements summarise the current direction of the business and influence the skills and experience required at Board level to oversee its implementation:

- To create wealth for shareholders by using innovation, technology, and good management to deliver the Nolans Project and thus supply Neodymium and other RE products to key markets throughout the world.
- To remain at the forefront of RE extraction processing technology to ensure that the Company's Nolan's plant will remain world competitive in operating efficiencies and capital and operating costs.
- To be a trusted global leader and supplier of choice for sustainably mined and processed rare earth products, helping our customers deliver clean and efficient technologies.
- To deliver positive intergenerational economic, environmental and social benefits to its stakeholders.

The Board has regularly reviewed its need for renewal and succession planning as Arafura transitions from the exploration and development phase where skills in project development are paramount to a growth period, a changing composition of the Company board will be considered.

The Board is currently comprised of a majority of non-executive directors (NED's) the majority of whom are classified as independent.

Through appropriate Board renewal over future years, consistent with the Company's strategic direction, the Board will maintain and develop skills and experience of directors in finance, contracts & negotiation, technology and innovation, engineering and construction, audit and accounting, risk management, business strategy, marketing, business development and project management.

The current skills and experience mix of the six current directors is summarised in the following table (full director biographies are shown on pages 19-24).

Skills and Experience	Description	Directors
<b>Business Strategy and Leadership</b>	Directors that have reasonable experience in executive strategy positions, including previous managing director, chief executive and/or strategic manager roles.	4
<b>Corporate Governance</b>	Directors that are current or former board members of other publicly listed companies, with emphasis on individuals that currently or formerly chair an audit or remuneration subcommittee. Private Company, not-for-profit and government sector boards are also considered.	5
<b>Rare Earths industry</b>	Directors have a deep understanding of the rare earths industry including international supply chain issues and a deep understanding of the customers and financiers from whom Arafura is seeking investment or offtake.	3
<b>Project Engineering Construction &amp; execution and Project Management</b>	Practical experience with engineering design and project execution in a senior manager, project manager or executive director capacity, particularly across large scale projects.	3

### Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations and the Company's materiality thresholds.

The status of Directors independence was discussed and determined on the 18 May 2022 Board Meeting. As a result, it was determined that the independent directors of the Company are Mark Southey, Chris Tonkin, Cathy Moises and Darryl Cuzzubbo.

The non-independent director of the Company is Mr Zhang Quansheng, as he is a nominee director appointed by the Company's largest shareholder ECE Nolans Investment Company Pty Ltd.

Mr Tonkin is independent as he is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonable be perceived to materially interfere with, the independent exercise of his judgement.

Mr Southey is independent as he is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonable be perceived to materially interfere with, the independent exercise of his judgement.

Ms Moises is independent as she is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonable be perceived to materially interfere with, the independent exercise of her judgement.

The length of service of each director is set out in the Directors' Report on pages 19-24 of the Company's 2022 Annual Report.

#### **Recommendation 2.4**

The Board has a majority of directors who are independent.

#### **Recommendation 2.5**

The independent Chair of the Board is Mark Southey, who is not also the Company's Managing Director.

#### **Recommendation 2.6**

The Company has a Director and Senior Executive Induction Program that it uses to when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity.

The Remuneration and Nomination Committee regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Remuneration and Nomination Committee considers what training or development should be undertaken to fill those gaps. Where appropriate, workshops are organised for the directors on topics of significant risk or relevance to the organisation. In particular, the Remuneration and Nomination Committee ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors also receive ongoing education on developments in accounting standards as the inclusion of key audit memos are presented in the board packs.

## **PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

#### **Recommendation 3.1**

The Company has articulated its values to its directors, senior executives and employees, which is disclosed on the Company's website.

### **Recommendation 3.2**

The Company has established a Code of Conduct for its directors, senior executives and employees, which is disclosed on the Company's website. The Code of Conduct is signed by all employees as part of the onboarding process. The Code of Conduct ensures that the Chair is informed of any material breaches of the code.

### **Recommendation 3.3**

The Company has established a Whistleblower Policy for its directors, senior executives, employees and contractors, which is disclosed on the Company's website. The Whistleblower Policy ensures the Board is informed of any material breaches through the Report and Investigation Officer.

### **Recommendation 3.4**

The Company has established an Anti-bribery and Corruption Policy for its directors, senior executives, employees and contractors, which is disclosed on the Company's website. The Anti-bribery and Corruption Policy ensures that breaches will be thoroughly investigated, and material breaches reported to the Board.

## **PRINCIPLE 4 – SAFEGUARD INTEGRITY OF CORPORATE REPORTS**

### **Recommendation 4.1**

The Board has established an Audit Committee (previously Audit and Risk Management Committee to 1 December 2021) comprising Chris Tonkin (Chair), Mark Southey (to 1 December 2021), Cathy Moises and Darryl Cuzzubbo (from 1 December 2021). Each member of the Audit and Risk Management Committee is a non-executive director, and all members are independent. A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on pages 19-24 of the Company's 2022 Annual Report. The Audit Committee is structured in compliance with Recommendation 4.1

The Company has also established a Procedure for the Selection, Appointment and rotation of its External Auditor. 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.

Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 26 of the Company's 2022 Annual Report.

The Board has adopted an Audit Committee Charter which describes the Audit Committee's role, composition, functions and responsibilities and is disclosed on the Company's website.

### **Recommendation 4.2**

Before the Board approved the Company financial statements for the half year ended 31 December 2021 and the full-year ended 30 June 2022 and each of the quarters ending 30 September 2021, 31 December 2021, 31 March 2022 and 30 June 2022, it received from the Managing Director and the Chief Financial Officer 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 releases an Appendix 5B with its Quarterly Cashflows Report to the ASX each quarter. The Appendix 5B is not audited or reviewed by an external auditor, however, is signed off by both the CFO and Chair of the Audit Committee. Additionally, as required by Section 295A of the Corporations Act, the Managing Director and Chief Financial Officer sign 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.

## **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

### **Recommendation 5.1**

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. The Company's Disclosure Policy is available on the Company's website.

### **Recommendation 5.2**

The Company ensures that its board receives copies of all material market announcements promptly after they have been made by sending a copy of the announcement to all directors immediately after the announcement has been lodged.

### **Recommendation 5.3**

The Company ensures that all new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **Recommendation 6.1**

The Company provides information about itself and its governance to investors via its website at [www.arultd.com](http://www.arultd.com) as set out in its Shareholder Communication Policy.

### **Recommendation 6.2**

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication Policy.

### **Recommendation 6.3**

The Company has in place a Shareholder Communication Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

### **Recommendation 6.4**

The Company has conducted all resolutions at a meeting of security holders by poll rather than by a show of hands since the 2018 Annual General Meeting.

### **Recommendation 6.5**

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. Upon becoming a shareholder, a 'Welcome Letter' is sent by the Company.

Accompanying the 'Welcome Letter' is a 'Communication Preference Form' which once completed and returned or completed on the Share Registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) enables shareholders to elect to receive information from the Company and its share registry electronically. The Company also provides access to its share registry's website via its website at <https://www.arulld.com/corporate/corporate-directory.html>

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1**

The Board has established an Risk Management Committee (previously Audit and Risk Management Committee to 1 December 2021) comprising Darryl Cuzzubbo (Chair- from 1 December 2021), Chris Tonkin, Mark Southey and Cathy Moises (to 1 December 2021). Each member of the Risk Management Committee is a non-executive director, and all members are independent. A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on pages 19-24 of the Company's 2022 Annual Report. The Risk Management Committee is structured in accordance with Recommendation 7.1.

Details of director attendance at Risk Management Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 26 of the Company's 2022 Annual Report.

The Board has adopted a Risk Management Committee Charter which describes the Risk Management Committee's role, composition, functions and responsibilities and is disclosed on the Company's website.

### **Recommendation 7.2**

The Board reviews the Company's risk management framework quarterly 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. The Board carried out these reviews during the Reporting Period.

### **Recommendation 7.3**

The Company does not have an internal audit function. Given the size of the organisation, the Board believes that an internal audit function is not required. Arafura performs its own internal audit over some of the key controls which are significant to the operation of the Company and presents the results for discussion with the Risk Management Committee. This process has evolved into two bi-annual procedures to ensure adequate monitoring of the control environment is in place and any issues identified are adequately addressed.

To evaluate and continually improve the effectiveness of the Company's risk management, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy, which is available on the Company's website.

### **Recommendation 7.4**

The Company has material exposure to economic, environmental and/or social sustainability risks as set out in its sustainability report.

The report can be found at the website [www.arulld.com/commitments/sustainability.html](http://www.arulld.com/commitments/sustainability.html).

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

### Recommendation 8.1

As noted above in relation to Recommendation 2.1, the Board has established a Remuneration and Nomination Committee. The Remuneration and Nomination Committee is structured in compliance with Recommendation 8.1.

### Recommendation 8.2

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences at page 27 of the Company's 2022 Annual Report. This disclosure includes a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback 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 Remuneration and Nomination Committee Charter includes a statement of the Company's policy on prohibiting participants in the Company's Option Plan (Plan) entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan.

## PRINCIPLE 9 – ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES

### Recommendation 9.1

The Company has one non-English speaking director. To ensure that Mr Zhang understands and can contribute to the discussions at Board meetings and understands and can discharge his obligations in relation to the documents, arrangements are made for a translator at each meeting. Additionally, board papers are sent to the directors in advance to ensure there is sufficient time for these to be translated.