

## Corporate Governance Statement 2022

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This statement summarises the corporate governance practices adopted by the Board of Directors and their compliance with the Corporate Governance Principles and Recommendations, 4<sup>th</sup> Edition. These principles and practices are reviewed regularly and revised if appropriate.

In establishing its corporate governance framework, the Board has considered and reports against the Corporate Governance Principles and Recommendations, 4<sup>th</sup> Edition, as published by the ASX Corporate Governance Council ("ASX Corporate Governance Principles").

This Corporate Governance Statement has been in place throughout the financial year beginning 1 July 2021 to the date of this statement and has been approved by the Board.

The Board has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by Cradle. These documents are available in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/). These documents are reviewed at least annually to address any changes in governance practices and the law.

In addition to the ASX Corporate Governance Council's '*Corporate Governance Principles and Recommendations – 4<sup>th</sup> Edition*' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, being mineral exploration and development activities;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board's experience in the resources sector;
- organisational reporting structure and number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

### **Principle 1: Lay solid foundations for management and oversight**

#### 1.1 Role of Board and management

The Board has established a clear distinction between the functions and responsibilities delegated to management and those reserved for the Board, which are set out in the 'Matters Reserved for Approval by the Board of Directors Policy', a copy of which is available in the Corporate Governance section of the Company's website at <http://www.cradleresources.com.au/company-profile/corporate-governance/>.

#### 1.2 Information regarding election and re-election of director candidates

Cradle carefully considers the character, experience, education and skillset of potential candidates for appointment to the Board and conducts appropriate background checks to verify the sustainability of the candidate, prior to their election.

Based on the Company's level of knowledge of the potential candidate, these may include checks as to the person's character, experience, education, criminal record, and bankruptcy history.

The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the relevant notice of meeting provided to shareholders. Director profiles are also included in the Director's Report of the Company's Annual Report.

#### 1.3 Written contracts of appointment

The roles and responsibilities of Directors are formalised in letters of appointment which each Director receives and commits to on their appointment.

The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relations to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, insurance and indemnity entitlements and details of the Company's key governance policies.

Each Key Management Personnel ("KMP") enters into a service contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangement and termination

rights and entitlements. Contract details of KMP are summarised in the Remuneration Report of the Company's Annual Report.

#### 1.4 Company Secretary

The Company Secretary reports directly to the Board through the Chairman on Board matters and all Directors have access to the Company Secretary.

In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in the Directors' Report of the Company's Annual Report.

#### 1.5 Diversity

The Company has adopted a Diversity Policy but has not established measurable objectives for achieving gender diversity for the 2022 year.

The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the Board considers that the Company is not currently of a size to warrant the time and cost of setting measurable objectives for achieving gender diversity. The Board will review its position and may develop measurable objectives when the Company's operations increase.

At the date of this Statement, the Company has no female directors or senior executives. At the date of this Statement, the Company had no employees.

#### 1.6 Board reviews

The Board has not conducted a formal performance evaluation. The Company is a junior resources company and the Board believes that a formal performance evaluation is not required at this point in time and that that no efficiencies or other benefits would be gained from a formal performance evaluation.

The Chairman is responsible for evaluating the Board and informal discussions are undertaken during the course of the year. As the Company grows and develops, it will continue to consider the efficiencies and merits of a more formal performance evaluation of the Board, its committees and individual Directors.

#### 1.7 Management reviews

Each year the Board evaluates the performance of its KMP against Key Performance Indicators ("KPI's") as set by the Board.

Details of the process followed are set out in the Remuneration Report of the Company's Annual Report. For the 2022 year, the Board undertook a performance evaluation of its KMP in accordance with that process.

### **Principle 2: Structure the Board to add value**

#### 2.1 Nominations committee

The Board has decided not to form a separate Nomination Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.

The Board as a whole performs the function of the Remuneration and Nomination Committee. The Board regularly reviews whether it has the appropriate balance of skills, knowledge, and experience suitable for a Company in the junior resources sector.

The Company's 'Selection and Appointment of New Directors Policy' sets out the processes the Board employs 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. The Selection and Appointment of New Directors policy is available in the Corporate Governance section of the Company's website [www.cradleresources.com.au](http://www.cradleresources.com.au).

#### 2.2 Board skills matrix

The Board seeks a mix of skills suitable for a junior resources company. A summary of the key board skills matrix is set out below.

Director	Capital Markets	Resources Industry	Project Development	Financial Acumen	Strategy	Listed Company
David Wheeler	✓	✓	✓	✓	✓	✓
Grant Davey	✓	✓	✓		✓	✓
Chris Bath	✓	✓	✓	✓	✓	✓

Further details regarding the skills and experience of each Director are included in the Directors' Report of the Company's Annual Report.

### 2.3 Disclose independence and length of service

The Board has assessed the independence status of its directors and has determined the following as at 30 June 2022:

Name	Position	Independent?	Length of Service
Grant Davey	Executive Chairman	No	9.5 years
David Wheeler	Non-Executive Director	Yes	1 year
Chris Bath	Non-Executive Director	No	3 years

Further details regarding the Directors are set out in the Directors' Report included in the Company's Annual Report.

### 2.4 Majority of directors independent

A majority of Directors of the Company are not independent as at 30 June 2022 (Refer 2.3).

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of independent non-executive Directors.

The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

### 2.5 Chair independent

The Chairman, Mr Grant Davey, is considered by the Board not to be independent in terms of the ASX Principles and Recommendations.

However, the Board believes that Mr Davey is able to make, and does make, quality and independent judgments in the best interests of the Company on all relevant issues falling within the scope of his role as Chairman.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an independent Chairman.

Further details regarding the Directors are set out in the Directors' Report of the Company's Annual Report.

### 2.6 Induction and professional development

The Board does not have a formal program for inducting new Directors and providing appropriate professional development opportunities.

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has been appointed because they already possess the relevant industry experience and specific expertise relevant to the Company's business and level of operations and given the activities of the Company and their own experience do not require the Company, given its size, to provide professional development opportunities.

However, each new Director receives and commits to a letter of appointment which includes details of the Company's key policies and processes and continuing professional development is expected of all Directors.

Directors are also entitled to seek independent professional advice at the expense of the Company (subject to approval) as may be reasonably required to assist them to carry out their duties as a Director.

### **Principle 3: Act ethically and responsibly**

#### **3.1 Values**

Cradle's is dedicated to operating openly, with honesty, integrity and responsibility and maintaining a strong sense of corporate social responsibility. In maintaining its corporate social responsibility Cradle will conduct its business ethically and according to its values, encourage community initiatives, consider the environment and ensure a safe, equal and supportive workplace.

#### **3.2 Code of conduct**

The Board has established a Code of Conduct for its Directors, executives and employees, a copy of which is available in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

#### **3.3 Whistleblower policy**

The Board has established a whistleblower policy to encourage all senior executives and employees to speak up about any unlawful, unethical or irresponsible behaviour within the organisation. A copy of the whistleblower policy is available in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

#### **3.4 Anti-bribery and corruption policy**

The Board has established an anti-bribery and corruption policy to ensure that all senior executives and employees are aware that giving bribes or other improper payments or benefits to public officials is a serious criminal offence and can damage Cradle's reputation and standing in the community. A copy of the anti-bribery and corruption policy is available in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

### **Principle 4: Safeguard integrity in corporate reporting**

#### **4.1 Audit committee**

The Board has decided not to form a separate Audit Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Audit Committee. The Board as a whole performs the function of the Audit Committee.

The Company: (a) only has 3 Directors of which 2 are non-executive Directors; (b) has relatively simple operations and currently only undertakes business development activities; (c) has relatively simple financial affairs with limited complexity and quantum; and (d) has a relatively small market capitalisation and economic value. As a result, the Board as a whole considers that it is more efficient and effective for the corporate reporting process to not have an Audit Committee at this stage. The Board monitors this position as the Company's circumstances change.

The Board as whole determines when to seek the appointment or removal of the external auditor, and subject to any statutory requirements, the Board will also seek rotation of the audit partner on an as required basis.

Further details are provided in the 'External Auditor Selection Policy' which is available in the Corporate Governance section of the Company's website at [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

#### **4.2 CEO and CFO certification of financial statements**

In respect to full year and half year financial reports, the Board obtains a written declaration from the CEO (or equivalent) and CFO (or equivalent) that, in their opinion, the financial records of the Company have been properly maintained and 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 is formed on the basis of a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting and material business risks.

#### **4.3 Integrity of any periodic corporate reports**

All unaudited periodic reports are reviewed to ensure they are factual, complete, accurate and provide investors with appropriate information to make informed decisions.

The Board reviews and approves all ASX announcements before they are released. Assistance from external advisors and subject matter experts are obtained as required.

#### 4.4 External auditor at AGM

The Company has engaged a reputable and suitably qualified external auditor to perform the external audit function.

At least one senior representatives of the auditor will attend the Annual General Meeting (“AGM”) and be available to answer shareholder questions regarding the audit.

### **Principle 5: Make timely and balanced disclosure**

#### 5.1 Disclosure and Communications Policy

The Company has adopted a Continuous Disclosure Policy which sets out the processes and practices that ensure its compliance with the continuous disclosure requirements under applicable Listing Rules and applicable corporation law (including the Corporations Act).

A copy of the Continuous Disclosure Policy is available in the Corporate Governance section of the Company’s website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

#### 5.2 Material market announcements

Given the size of the entity the Board receives a copy of all draft material market announcements prior to release to ASX.

#### 5.3 Presentation materials

All presentation materials are released to ASX prior to being presented to investors or analysts.

### **Principle 6: Respect the rights of security holders**

#### 6.1 Information on website

The Company keeps investors informed of its corporate governance, financial performance and prospects via its website.

Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statements, investor presentations via the ‘Investors’ tab and can access general information regarding the Company and the structure of its business under on the Company’s website, [www.cradleresources.com.au](http://www.cradleresources.com.au).

Investors can access information about the Company’s corporate governance practices via the ‘Corporate Governance’ tab on the Company’s website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/), where all relevant corporate governance information can be accessed.

#### 6.2 Investor relations programs

The Company has an investor relations program that is commensurate with the size of the Company and its level of operations. This program involves actively engaging with interested brokers and investors and meeting with interested brokers and investors upon request. The Company always responds to enquiries received from brokers and investors from time to time.

In addition, access to Directors and KMP is provided at the Company’s AGM, and Shareholders are always given the opportunity to ask questions of Directors and management, either during or after meetings.

Any presentations prepared by the Company are posted on the Company’s website ([www.cradleresources.com.au](http://www.cradleresources.com.au)), which also provides the opportunity for interested parties to join the mailing list to receive regular updates from the Company.

#### 6.3 Facilitate participation at meetings of security holders

The Board encourages participation of Shareholders at its meetings of shareholders and Shareholders are provided with all notices of meeting prior to meetings, which are set at times and places to promote maximum attendance by Shareholders.

Shareholders are always given the opportunity to ask questions of Directors and management, either during or after meetings. In addition, the Company’s auditor is also made available for questions at the Company’s AGM.

#### 6.4 Substantive resolutions at a meeting of security holders

All substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.

#### 6.5 Facilitate electronic communications

The Company welcomes electronic communication from its Shareholders via its publicised email address ([info@cradleresources.com.au](mailto:info@cradleresources.com.au)) and the Company’s website ([www.cradleresources.com.au](http://www.cradleresources.com.au)) provides the opportunity for interested parties to join the mailing list to receive regular electronic updates from the Company.

The Company's share registry also engages with Shareholders electronically and makes available a range of relevant forms on its website. Shareholders can register with the share registry to access their personal information and shareholdings via the internet.

## **Principle 7: Recognise and manage risk**

### **7.1 Risk committee**

The Board has decided not to form a separate Risk Committee. Due to the size and development phase of the Company, the Board believes that no efficiencies or other benefits would be gained by establishing a separate Risk Committee.

The Board as a whole is ultimately responsible for identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks.

Specific areas of risk which are considered by the Board include access to funding, new projects risk, dilution risk, commodity price volatility and political instability.

The Board is responsible for reviewing and ratifying systems of risk management and internal control and compliance, codes of conduct and legal compliance. It uses a number of mechanisms to ensure that management's objectives and activities are aligned with the risks identified by the Board. During the year these included:

- approval of an annual corporate budget for Cradle;
- Application of the Company's risk register which identifies risks by aspect of the Company's Business;
- Ensuring the management team is responsible for developing policies, processes and procedures to identify, prioritise and manage risks related to Cradle's activities.

For further details of the responsibilities of the Board and Management in the evaluation and continual improvement of the Company's risk management and internal control processes, refer to the Company's Risk Management Policy, which is available in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

### **7.2 Annual risk review**

On at least an annual basis, the Board reviews its material business risks and how its material business risks are being managed.

For the 2022 year, management provided to the Board the Company's Risk Register summarising the significance of each risk as well as actions taken by management to mitigate the risks. Management also provided to the Board a report on the effectiveness of the Company's management of its material business risks throughout the 2022 year.

### **7.3 Internal audit**

The Board has not established an internal audit function at this time. The Board as a whole oversees the effectiveness of risk management and internal control processes.

Refer to the Company's Risk Management Policy for responsibilities of the Board and Management in the evaluation and continual improvement of the Company's risk management and internal control processes.

A copy of the Risk Management Policy is available in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

### **7.4 Sustainability risks**

As discussed above, the Company identifies and manages material exposures to economic, environmental and social sustainability risks in a manner consistent with its Risk Management Policy, which is available on in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).

During the year the material risks faced by the Company that could have an effect on the Company's future prospects, include: (a) availability of further funding; (b) fluctuations in commodity prices; and (c) new project & development risks. The Company is focussing on assessing and acquiring new business opportunities and assets.

Further details of these risks and how the Company manages or intends to manage these risks are set out in the Directors' Report included in the Company's Annual Report.

## **Principle 8: Remunerate fairly and responsibly**

### **8.1 Remuneration committee**

The Board has decided not to form a separate Remuneration Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee.

The Board has the ability under the Company's Constitution to delegate its powers and responsibilities to Committees of the Board. Special Board committees shall be formed as required to give guidance and provide oversight concerning specific matters to the Board.

The Company intends to establish a Nomination and Remuneration Committee when warranted by the composition of the Board and the Company's circumstances. Until that time, the responsibilities of the Nomination and Remuneration Committee will be performed by the Board

### **8.2 Disclosure of Executive and Non-Executive Director remuneration policy**

Details on the Company's approach to remuneration and the amount of remuneration and all monetary and non-monetary components for all Directors and Key Management Personnel are included in the Remuneration Report within the Directors' Report in the Annual Report.

### **8.3 Policy on hedging equity incentive schemes**

The Company does not currently have an equity-based remuneration scheme, however certain non-executive directors and senior executives have been issued with equity-based remuneration for incentive purposes, as outlined in the Company's Remuneration Report.

The Company does not currently have a written policy on hedging arrangements in relation to any equity-based remuneration they may be granted or otherwise entitled to.

Further details regarding the Company's securities trading policies are set out in the Company's Securities Trading Policy which is available in the Corporate Governance section of the Company's website, [www.cradleresources.com.au/company-profile/corporate-governance/](http://www.cradleresources.com.au/company-profile/corporate-governance/).