

## PHOENIX COPPER LIMITED

### CORPORATE GOVERNANCE STATEMENT

The corporate governance arrangements that the board has adopted are designed to ensure that the Company delivers medium and long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the board.

It should be noted that all the directors are shareholders in the Company and in some cases are founder shareholders. The directors therefore view their own medium and long-term value to be integrally linked to the medium and long-term value of the Company, and as such the interests of the directors are directly aligned with those of the shareholders.

The QCA Code sets out 10 principles that should be applied. These are listed below with a short explanation of how the Company applies each of the principles together with an explanation of any divergence from these principles should there be any. Save as set out below there are no exceptions to report for the current or previous financial years.

#### **Principle 1 – Business Model and Strategy**

The Company is focused on North America and, in particular, Idaho in the USA, which is recognised as a pro-mining geopolitically stable jurisdiction. The directors intend to develop the flagship Empire copper mine in Idaho in stages, thereby enabling sound management of the development of the mine in a manner that is professional, efficient and environmentally sustainable, without burdening the Company with excessive fundraisings and unnecessary dilution to shareholders. In addition, the Company's gold, silver and cobalt properties will be developed in a timely manner that does not distract from the main focus on the Empire mine, but will consistently add incremental value to the Company. The Company is assisted in its work by internationally recognised mineral consultants, where appropriate.

#### **Principle 2 – Understanding Shareholder Needs and Expectations**

The directors are themselves shareholders and therefore have aligned interests with the shareholder base as a whole. The Company has a close relationship with most of its shareholders. The Company is in regular dialogue with its strategic shareholder, ExGen Resources Inc, holds regular meetings with larger shareholders and brokers representing private shareholders, and also holds quarterly lunch meetings and / or Zoom meetings with smaller private shareholders. The Company regularly updates its website, participates in podcasts and investor presentations, attends mining conferences, and releases news flow and operational updates in accordance with the AIM rules. Shareholders are also encouraged to attend the Annual General Meeting. The executive directors are also available by telephone and regularly receive calls from individual shareholders.

#### **Principle 3 – Consider Wider Stakeholder and Social Responsibilities**

The board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Group and its contractors, consultants, advisers, suppliers, regulators and other stakeholders, including the local communities where the projects are located. The board of the Company and the senior management of its operating subsidiaries make every effort to ensure that all stakeholders are communicated with effectively, that contractual terms are complied with, and that employees, in particular, are afforded a safe and enjoyable working environment, and are remunerated and incentivised appropriately. At the Empire Mine project site in Mackay, Idaho, the local community is engaged on a regular basis via meetings with the local mayor and other officials, including project site visits, and at the State level, ongoing communication is maintained with the relevant regulatory authorities. The Group has also appointed an Environmental, Social and Governance (ESG) Programme Coordinator, Lenie Wilkie, based in Mackay, whose role is to oversee all aspects of the Group's ESG Programme. She works closely with the Board-level ESG & Sustainability Committee, created in July 2021. Konnex Resources Inc, the Group's Idaho registered operating company, is also a member of the Idaho Mining Association.

**Principle 4 – Risk Management**

The board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The board is assisted in this matter by an Audit and Compliance Committee. After consultation with the Company's external auditors, an internal audit function is not considered necessary or practical due to the size of the Company, and the close day to day control is exercised instead by the executive directors. This position will be reviewed on an annual basis by the board, in consultation with the Audit and Compliance Committee and the external auditors.

The Group also takes out relevant insurance as appropriate.

**Principle 5 – A Well-functioning Board of Directors**

The board consists of three executive directors, including an executive chairman, chief executive officer and chief financial officer, and four non-executive directors. Marcus Edwards-Jones chairs the board. The directors comprise a combination of technical (Ryan McDermott and Roger Turner), financial (Richard Wilkins) and corporate (Marcus Edwards-Jones, Andre Cohen, Catherine Evans and Jason Riley) experience, specifically within the minerals sector worldwide. Ryan McDermott is also the chief executive officer of the Company's operating subsidiaries in Idaho. When possible, the board meets quarterly in person and regularly by telephone. The board has also established an Audit and Compliance Committee, a Remuneration Committee and an ESG & Sustainability Committee. The Company considers that, at this stage of its development, and given the current size of its board, it is not necessary to establish a formal Nominations Committee. This position will also be reviewed annually by the board.

Andre Cohen and Catherine Evans are considered to be independent directors. Andre Cohen chairs both the Audit and Compliance Committee and the Remuneration Committee. Catherine Evans chairs the ESG & Sustainability Committee. Jason Riley represents the Company's strategic shareholder, ExGen Resources Inc, and is therefore not considered to be an independent director. Roger Turner is also not deemed to be an independent director given his previous executive role on the Phoenix board and ongoing role as an executive officer of the Company. The QCA Code recommends that there be two independent directors, which following the recent appointment of Catherine Evans, the board now complies with.

The Company reports annually on the number of board and Committee meetings that have been held and the attendance record of individual directors. During 2020 the Company held a total of 16 board meetings, and an Annual General Meeting, at which all directors were present in person, or by telephone, or by proxy.

**Principle 6 – Appropriate Skills and Experience of the directors**

The board consists of seven directors, including Richard Wilkins, a qualified chartered accountant, who also acts as company secretary. The Company believes that the current balance of skills within the board as a whole reflects a broad and appropriate range of commercial, technical and professional skills relevant to the mining sector and to the successful development of the Company within that sector. Each of the directors has direct experience in public markets.

Brief CVs of each of the directors and officers are set out on the Company's website.

**Principle 7 – Evaluation of Board Performance**

Internal evaluation of the board, its Committees and individual directors and officers is to be undertaken on an annual basis by reference to how the director or officer has performed in fulfilling his/her specific functions, attendance at board and Committee meetings as appropriate, and overall contribution to the Group as a whole. The executive chairman also consults periodically with key shareholders to obtain their feedback on the board's performance. All directors seek re-election as appropriate at the Annual General Meeting in accordance with the Company's Articles and the Companies Act. Although the Company is BVI

registered, the Memorandum and Articles of Association were amended at the time of the AIM IPO to be compliant with the UK Companies Act.

The directors acknowledge that succession planning is also a vital task for boards, and the management of succession planning will represent an ongoing key responsibility of the board.

#### **Principle 8 – Corporate Culture**

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities and environments in which the Group operates. The board considers this to be essential if medium and long-term value is to be delivered. The directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback, particularly with regard to environmental and related issues, and relevant to the ongoing successful development of the Company. The Group also participates in local community projects in Idaho and seeks to be regarded as a good corporate citizen within its spheres of operation, and in accordance with the Group's ESG Programme. Since IPO, the Group has worked with an independent environmental consultancy to conduct baseline studies on a number of environmental and social metrics, which will be monitored on an ongoing basis by the ESG & Sustainability Committee.

#### **Principle 9 – Maintenance of Governance Structures and Processes**

The board will review annually the effectiveness of its corporate governance structures and processes. The board currently considers that the balance between executive and non-executive directors, including the independent directors, and the roles of the Audit and Compliance Committee, the Remuneration Committee and the ESG & Sustainability Committee are appropriate for the Company's size and stage of development. The members and responsibilities of each Committee are set out on the Company's website. The Company has also created an Advisory Board to provide further expertise to the Company.

In accordance with the Companies Act, the board seeks to comply with a duty to act within its powers, a duty to promote the success of the Company, a duty to exercise independent judgment, a duty to exercise reasonable care, skill and diligence, a duty to avoid conflicts of interest, a duty not to accept benefits from third parties, and a duty to declare any interest in a proposed transaction or arrangement.

The Company has also implemented a code for directors' and employees' dealings in shares which is appropriate for a company whose shares are traded on AIM and is in accordance with the requirements of the Market Abuse Regulations which came into effect in 2016.

#### **Principle 10 – Shareholder Communication**

The board is committed to maintaining good communication and having constructive dialogue with its shareholders. The directors will continue to meet with and receive calls from shareholders, large and small, institutional and private, as appropriate. The Company will continue to keep its website up to date, participate in podcasts and investor presentations, attend mining conferences, and to release news flow and operational updates as appropriate.

Results of shareholder meetings and details of votes cast will be publicly announced through the Regulatory News Service, and also published on the Company's website with suitable explanations of any actions undertaken as a result of any significant votes against the proposed resolutions.

On behalf of the board

Richard V L Wilkins  
Director & Company Secretary  
6 July 2021