

NOMINATION & REMUNERATION POLICY

1. INTRODUCTION

This Policy sets out the key policy matters to be considered by the Board in relation to Nomination and Remuneration (**Policy**) as determined by the Board of Directors (**Board**) of Patagonia Lithium Ltd ACN 654 004 403 (**Company**).

2. PURPOSE

The role of the Board is to assist and advise on the nomination of new directors of the Company and remuneration matters of the directors, the Managing Director, Executive Director, Chief Executive Officer and/or other personnel.

Remuneration

The Board will set the Company's direction in relation to:

- (a) the entity's remuneration framework for directors, including the process by which any pool of directors' fees approved by security holders is allocated to directors;
- (b) superannuation arrangements for directors, senior executives and other employees;
- (c) the remuneration of non-executive directors;
- (d) the remuneration of the Managing Director, Executive Director, Chief Executive Officer, and/or other key senior executives, within the terms of the relevant employment contracts, on an annual basis;
- (e) the Managing Director's, Executive Director's, Chief Executive Officer's, and/or other key senior executives' recommendations regarding staff remuneration;
- (f) the Managing Director's, Executive Director's, Chief Executive Officer's, and/or other key senior executives' performance and key performance indicators in order to determine any annual bonus component;
- (g) whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees;
- (h) any incentive plans (including equity-based plans) or ex-gratia payments to the Managing Director, Executive Director, Chief Executive Officer, and/or other key senior executives and other personnel;
- (i) the review, management and disclosure of the policy (if any) under which participants to an incentive plan may be permitted (at the discretion of the

Company) to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the incentive plan;

- (j) the Company's remuneration and incentive policies, practices and performance indicators and ensuring that they are aligned to the board's vision, values and overall business objectives and are appropriately designed to:
 - (i) motivate staff and the Managing Director, Executive Director, Chief Executive Officer, and/or other key senior executives to drive the short and long-term growth and success of the Company;
 - (ii) demonstrate a clear relationship between the achievement of the Company's objectives, the Managing Director's, Executive Director's, Chief Executive Officer's and/or other personnel's performance, and remuneration;
 - (iii) ensure staff remuneration is aligned with market trends;
 - (iv) ensure there is no gender or other bias in the remuneration of senior executives and other employees; and
 - (v) ensure that the incentives for executive directors and other senior executives encourage them to pursue the growth and success of the entity without rewarding conduct that is contrary to the entity's values or risk appetite.

In discharging their responsibilities, the directors have a duty to act in the best interests of the Company as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

Director nominations

The directors will determine the size and composition of the Board taking into account the skills matrix of the Board, and other factors such as:

- (a) periodically reviewing and considering the structure and balance of the Board and making appointments, retirements and setting terms of office of Directors;
- (b) ensuring that all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director, including:
 - (i) biographical details (including relevant qualifications and experience and skills);
 - (ii) details of any other material directorships currently held by the candidate;
 - (iii) where standing as a Director for the first time, confirmation that the entity has conducted appropriate checks into the candidate's background and experience and any material adverse information revealed by those

checks, details of any interest, position or relationship that might materially influence their capacity to be independent and act in the best interests of the Company as a whole rather than in the interests of an individual shareholders or other party, and a statement whether the Board considers the candidate is considered to be independent;

- (iv) where standing for re-election as a Director, the term of office served by the Director and a statement whether the Board considers the candidate is considered to be independent; and
 - (v) a statement by the Board whether it supports the election or re-election of the candidate and a summary of the reasons why.
- (c) preparing and maintaining a Board skills matrix setting out the measurable mix of skills and diversity that the Board currently has (or is looking to achieve) to ensure the Board has the skills to discharge its obligations effectively and to add value and to ensure the Board has the ability to deal with new and emerging business and governance issues. The Company must disclose this matrix in, or in conjunction with, its Annual Report;
 - (d) approving and reviewing induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities;
 - (e) considering and putting forward Board candidates for election or re-election at each annual shareholders' meeting;
 - (f) reviewing succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board; and
 - (g) arranging an annual performance evaluation of the Board, its committees, individual Directors and senior executives as appropriate. Such review will include a consideration of the currency of each Director's knowledge and skills and whether Director's performance has been impacted by any other commitments.

The Board, with the help of external consultants if necessary, reserves the power to appoint all directors. A candidate's suitability will be measured against but not limited to the general criteria set out below:

- (a) industry experience;
- (b) independence, with reference to ASX Corporate Governance Council's Principles & Recommendations;
- (c) personal and professional integrity, good communication skills and ability to work harmoniously with fellow directors and management;
- (d) demonstrated knowledge, experience and competence in business including financial literacy; and

- (e) ability to analyse information, think strategically and review and challenge management in order to make informed decisions and assess performance.

Any candidate selected by the Board will be approached by the Chairperson at the first instance, to determine their interest in joining the Board. The candidate will be given information about the role, responsibility, contribution and time commitment such an appointment would entail and the remuneration, terms and conditions of the appointment. A candidate should indicate if they have sufficient time to devote to the tasks required of a director of the Company.

The Company will undertake appropriate checks before making an appointment or putting forward a candidate to shareholders for election as a director or before appointing a senior executive, including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate).

The Board will ensure that Directors or senior executives who are provisionally appointed give an unequivocal undertaking to resign should the Company receive an outstanding check that it considers unsatisfactory.

Each Director and senior executive will be personally party to a written letter of appointment with the Company setting out the roles and responsibilities of the director or senior executive and the Company's expectations of the director or senior executive. In the case of an executive director, this will take the form of an employment agreement with the Company. For these purposes, a senior executive is a member of key management personnel (as defined in the *Corporations Act 2001* (Cth)), other than a Director. Where the Company engages a bona fide professional services firm to provide a chief financial officer, Company Secretary or other senior executive on an outsourced basis, the agreement may be between the entity and the professional services firm.

3. POLICY REVIEW

The Policy shall be reviewed periodically, and reassess the adequacy of this policy not less than every 2 years for Board consideration and approval.

Version 1.0

Last review and approval: September 2022