

## **Bradda Head Holdings Limited**

### **Corporate Governance Statement**

The London Stock Exchange's AIM rules require all AIM listed companies to adopt and comply with a recognised corporate governance code.

The Board recognises the importance of good corporate governance in the management of the Company and in achieving its strategic goals. Accordingly, the Company has adopted Corporate Governance Code for Small and Mid-Size Quoted Companies from the Quoted Companies Alliance ("the QCA Code").

The Board will annually assess its compliance with the QCA Code and will consider, as part of that review, whether the QCA Code continues to remain the most appropriate code for the Company to adopt.

The Corporate Governance statement has been approved by the Company's Board of directors (the "Board") in accordance with the recommendations of the Code.

My principal role as Chairman of Bradda Head Holdings Limited, is to manage and to provide leadership to the Board of Directors of the Company. My role is to lead the Company, ensuring sound corporate governance and establishing a strong and sustainable corporate culture of respect, integrity, honesty and transparency.

The Chairman is responsible for ensuring that the Board is effective in determining and implementing the Company's vision and strategy as well as defining the Company's culture. The Chairman is accountable to the Board of Directors (the "Board") and is responsible for providing strong leadership and enabling the Board to operate effectively. The Chairman is not responsible for executive matters regarding the Group's business.

The Chairman must demonstrate ethical leadership and promote the highest standards of integrity, probity and corporate governance throughout the Group and at Board level.

This statement explains how the ten principles of the Code are applied by the Company, and where the Company departs from the Code, an explanation of the reasons for doing so is provided.

### **John (Ian) Stalker**

#### **Non-Executive Chairman**

#### **Principle 1 - Establish a strategy and business model which promotes long-term value for shareholders.**

Bradda Head is focused on appraising and developing lithium mining projects within North America and currently has interests in a variety of projects in the United States. The Directors view the Company's chosen jurisdictions as being favourable to mining, due to their relatively low political risk (Nevada is ranked #1 and Arizona is #2 on the Fraser Mining Index for investment attractiveness), low geological risk, access to infrastructure and clear access to market.

The Group's most advanced projects are located in Western and Central Arizona in the US. One of these key projects, the Burro Creek East lithium project in Western Arizona, has been the subject of an Inferred Mineral Resource prepared by SRK in accordance with the JORC Code of 42.6 Mt of lithium bearing clays at an average grade of 818 ppm lithium for 185 Kt lithium carbonate equivalent (LCE) and at an average grade of 3.3 per cent. potassium for 1.4 Mt contained potassium using a cut-off grade of 300 ppm lithium. The entire Burro Creek East Project also has additional exploration potential containing 50,000 to 300,000 tonnes of lithium carbonate equivalent.

The Board and Senior Management have collective experience within the sector and are targeting development of at least two significant lithium deposits over a period of two to five years. The Group intends to continue to develop its three phase one projects in Arizona, whilst endeavouring to unlock value at its other prospective pegmatite and brine assets in Arizona, Nevada and Pennsylvania. The Group also intends to maintain a varied portfolio of clay, brine and pegmatite lithium projects, remaining alert for growth opportunities within the region.

The Directors believe that the market for lithium will continue to enjoy a positive price environment with analysts' forecasts of \$12,000/t for battery grade Lithium Carbonate by 2025. In April 2021, the Biden administration released a \$1.9 trillion infrastructure plan. Under the Biden administration, clean energy production will be ramped up, with lithium considered to be a key resource. \$174 billion has been earmarked to "win the EV market" by spurring domestic supply chains and giving consumers rebates to buy them. The Directors believe that this increased focus on domestic US supply when combined with the expected increases in demand for battery metals in the US and the relatively low levels of domestic supply presents a significant opportunity for the Group.

## **Principle 2 - Seek to understand and meet shareholders' needs and expectations.**

The Company supports an open and transparent dialogue with shareholders with the aim of ensuring shareholders views on the performance of the Company are heard and shareholders' needs, and objectives are understood.

The AGM is a key part of the Company's investor relations strategy and shareholders are encouraged to participate, particularly private investors who have the opportunity to ask questions and raise issues, either formally during the meeting or informally with directors following conclusion of business.

Direct communication with shareholders is achieved primarily through the timely release of regulatory news, via a regulatory information service, which can be accessed through various channels, including the London Stock Exchange website and the Company website.

<https://www.londonstockexchange.com>

<https://www.braddaheadltd.com/>

The Company has an on-going investor relations programme which includes individual meetings with institutional shareholders and analysts following the preliminary and half-year results including presentations to institutions as well as face to face retail briefings. Ongoing shareholder communication is also conducted regularly throughout the year on an ad hoc basis.

If you wish to contact the Company, contact details are on our website at <https://www.braddaheadltd.com/contact-page/>

details of the Company and the Company's advisors are included in all announcements released via RNS should shareholders wish to communicate with the Board. The Chairman and/or the Executive Director typically respond to shareholder queries directly (whilst maintaining diligence on Market Abuse Regulations restrictions on insider information and within the requirements of the AIM Rules for Companies) or through our Investor Relations advisers Tavistock Communications.

The Company's Articles of Association can be found here: [Bradda Head Articles of Association](#)

### **Principle 3 - Take into account wider stakeholder and social responsibilities and their implications for long-term success.**

The Board is very aware of its corporate, environmental and social responsibilities. In pursuing its business objectives Bradda Head Holdings is committed to delivering lasting benefit to the local communities and environments where we work as well as to our shareholders, employees and contractors.

### **Principle 4 - Embed effective risk management, considering both opportunities and threats, throughout the organisation.**

The Board is responsible for setting the risk framework within which the Company operates and ensuring that suitable risk-management controls and reporting structures are in place throughout the Group.

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Board ensures risks are mitigated as far as reasonably practicable by performing a detailed review of the issues pertaining to each significant decision. Significant decisions are reviewed by the Board having consulted the Company's professional third-party advisers (be they legal, financial or technical). The Board convenes on a regular basis, either by telephone or in person on a formal basis to discuss risk management.

The nature of the Group's operations has particular risk management challenges, including, in particular, maintaining the health and safety of all staff and contractors working on site and ensuring that all drilling and related operations are carried out in an environmentally sound and safe manner. All health and safety measures are formalized, described in detailed manuals and explained in person to all people associated with the Group's operational activities. In addition, the Company will have appropriate insurances in place before commencing any of its planned technical work.

### **Principle 5 - Maintain the Board as a well- functioning, balanced team led by the Chairman.**

The Board intends to meet regularly during the year to review, formulate and approve the Group's strategy, performance and corporate actions. The Board also holds regular informal project appraisal and strategy discussions, to examine operations, opportunities and assess risks.

The directors encourage a collaborative Board culture to ensure that each decision reached is always in the Company's and its shareholders' best interests and that any one individual opinion never

dominates the decision making process. The Board seeks, so far as possible, to achieve decisions by consensus and all directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational.

The Board will maintain a balance of executives and non-executive directors. On Admission, the Board will comprise two executive directors and four non-executive directors, reflecting a blend of different experiences and backgrounds. Two Non-Executive Directors (being Euan Jenkins and Alex Borrelli) are regarded as independent. There are no mandatory hours for directors to be available for Company business although the CEO is required to commit 100% of his working time (based on a 40 hour working week) to the Company. The non-executive directors are available for any Company business when it may arise.

The Company has also established a remuneration committee (the "Remuneration Committee") and an Audit, Risk and Compliance committee (the "Audit Committee"), with formally delegated duties and responsibilities, details of these committees are included in Principles 7 and 9.

**Principle 6 - Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.**

The Board currently consists of three Executive and three Non-executive directors. The Board has an appropriate balance of skills and expertise across the areas of resources, operations, finances and public markets. The Board membership will be reviewed periodically as the needs of the Group evolve.

The Directors biographical details can be found here: <https://www.braddaheadltd.com/about-us/board-and-senior-management/>

Each director takes his continued professional and technical development seriously.

The Board ensures it is well advised and supported by utilising a range of external experts in various fields, and employs accountants, legal counsel, a Company Secretary and a Nominated Adviser, in accordance with the AIM rules.

**Principle 7 - Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.**

The Company is required under the AIM Rules to comply with a recognised corporate governance code to be chosen by the Board. The Board recognises the importance of sound corporate governance and intends that the Company will comply with the provisions of the QCA Code. The Company shall disclose on its website how it complies with the QCA Code and, where it departs from the QCA Code, will explain the reasons for doing so.

Following Admission, the Board will comprise two executive directors and four non-executive directors (two of whom are considered by the Board to be independent).

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Company has established properly constituted audit and AIM compliance, Audit and Remuneration committees of the Board with formally delegated duties and responsibilities.



### ***Remuneration Committee***

The Remuneration Committee, which will comprise at least two non-executive directors, is currently made up of Alex Borrelli and Euan Jenkins (Chair of the Remuneration Committee). It is responsible for the review and recommendation of the scale and structure of remuneration for the executive Directors and senior management, including any bonus arrangements or the award of share options with due regard to the interests of Shareholders and the performance of the Company. The Remuneration Committee will meet at least once a year or at other times during the year as required. In exercising their role, the members of the Remuneration Committee shall have regard to, inter alia, the recommendations put forward in the QCA Code.

Key responsibilities of the Remuneration Committee include:

- Establishment of a Board policy for the remuneration of the Directors and senior management of the Group;
- Setting the remuneration of Directors and senior management in line with the implemented policy; and
- Monitoring of directors and senior management performance in terms of set targets, and awards of incentives.

### ***Audit, Risk and Compliance Committee***

The Audit, Risk and Compliance Committee, which will comprise at least two non-executive directors, is currently made up of Euan Jenkins, Ian Stalker and Alex Borrelli, (Chair of the Audit Committee) and meets not less than two times a year or at other times during the year as required. The Audit Committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported on. In addition, the Audit Committee receives and reviews reports from management and the auditors relating to the interim report, the annual report and accounts and the accounting and internal control systems in use throughout the Group.

In terms of the audit function the key responsibilities of the Audit, Risk and Compliance Committee include:

- Meeting at least twice a year, both of these being with the external auditors;
- Propose to the Board an external auditor for appointment, including approval of external auditor's fees;
- Monitoring external auditor's independence and objectivity during the external audit process;
- Monitor and review effectiveness of Group's internal controls environment and risk management process, including documentation of internal controls and procedures;
- Ensure integrity of financial statements, including annual and interim reports, and all announcements relating to financial aspects of the Group, including trading announcements and price sensitive information;
- Reviewing significant financial issues and judgements;
- Review annual and interim financial statements, and challenge their basis of preparation;
- Review the effectiveness of the Company's internal controls and risk management systems;
- Review the Company's procedures for detecting fraud;
- Review the Company's whistleblowing procedures; and

- Review adequacy and effectiveness of Company's anti-money laundering systems and controls.

In terms of the risk function the key responsibilities of the committee include:

- review and challenge the adequacy and effectiveness of the Company's internal financial controls and report on them for the purposes of the annual report;
- review the adequacy and security of the Company's whilst blowing arrangements; and
- review the Company's procedures for detecting fraud and the prevention of bribery and review any reports on any non-compliance.

**Principle 8 - Promote a corporate culture that is based on ethical values and behaviours.**

The Board strives to promote a corporate culture based on sound ethical values and behaviours.

To that end, the Company has adopted a strict anti-corruption and whistle-blowing policy, but the directors are not aware of any event to date that might be considered to breach this policy. The executive directors ensure that external contractors are aware of, and comply with, this policy.

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

The Board is also aware that the tone and culture that it sets will greatly impact all aspects of the Company and the way that employees behave, as well as the achievement of corporate objectives. A significant part of the Company's activities is centred upon an open dialogue with shareholders, employees and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

**Principle 9 - Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.**

AIM quoted companies are required to state which recognised corporate governance code they will follow from Admission, how they comply with such code and to explain reasons for any non-compliance. The Directors recognise the value and importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the recommendations set out in the QCA Code.

*The Board*

The Board will be responsible for the overall management of the Group including the formulation and approval of the Group's long term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. While the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters will include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board will meet regularly to review performance.

The QCA Code recommends at least two members of the Board comprise non-executive directors determined by the Board to be independent. Following Admission, the Board will comprise of two executive directors and four non-executive directors, of which two are independent and, as such, the Company complies with the requirements of the QCA Code in this regard.

The Independent non-executive directors should be available to Shareholders if they have concerns over an issue that the normal channels of communication (through the Chairman, the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate.

The Board has created two committees – Audit and Remuneration Committees– each with written terms of reference and formally delegated duties – and each comprised of independent non-executive directors and are outlined above.

**Principle 10 - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**

The Company ensures a printed Annual Report is delivered to each shareholder, and also made available on the Company's website. All RNS announcements are released in a timely manner, while also ensuring all announcements are drafted in a clear and concise fashion. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The outcome of all shareholder votes is disclosed in a clear and transparent manner via a RNS.

The Company includes historical Annual Reports, Notices of General Meetings and RNS announcements over the last five years on its website. The Company also lists contact details on its website, should shareholders wish to communicate with the Board.

The Company intends to include, where relevant, in its Annual Report, any matters of note arising from the Audit or Remuneration Committees.

Given the size of the Company, the Board is of the opinion that no formal communication structures are required at this time.

The Company does however ensure continued disclosure of all items in conjunction with AIM Rule 26 on its website.