

Conflict of Interest Policy

Southern Palladium Limited
ACN 646 391 899
(Company)

1 PURPOSE OF THIS POLICY

Southern Palladium Limited (the Company) is committed to a high standard of corporate conduct and governance. This includes ensuring that Directors disclose all conflicts and potential conflicts of interest to the Board of Directors (Board).

This Policy supplements the Company's Code of Conduct and outlines the processes to be applied in circumstances where a Director has, or as a real possibility may have:

- a material personal interest in a matter that is being considered or will be considered by the Board;
- a conflict or perceived conflict between the duties he or she owes to the Company and may also owe to another company of which he or she is a director or salaried employee in considering a matter that is before, or will be placed before, a meeting of the Board; or
- any other business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In this Policy, any of these circumstances is referred to as "a conflict of interest". The purpose of this Policy is to:

- outline Directors' legal duties and obligations concerning conflicts of interest;
- establish a conflict of interest protocol requiring each Director to disclose conflicts of interest; and
- establish procedures for determining the extent to which conflicted Directors may participate in the Board's decision-making processes.

The procedures in this Policy apply equally to any matters to be brought before any Board Committee.

Where a Director is a nominee or otherwise associated with a particular shareholder (Nominee Director), any dealing between the Company and that shareholder or an associated entity of that shareholder may give rise to an actual or perceived conflict of interest. In addition to the provisions of this Policy which apply to all directors, section 3 of this Policy provides for the management of conflicts of a Nominee Director in the context of the Company's relationships with commercial counterparties.

2 KEY OBLIGATIONS UNDER THE CORPORATIONS ACT

Directors have obligations under the Corporations Act in relation to the disclosure of interests and management of conflicts of interest.

Relevant statutory duties and obligations include:

- the duty to act in good faith in the best interests of the Company;
- the duty to act for a proper purpose (i.e. not to exercise powers for any purpose other than the purpose for which they were conferred); and
- the duty not to improperly use their position as Director, or information received through holding that position, to gain an advantage for themselves or someone else.

Where a Director has a material personal interest in any matter that relates to the affairs of a company, that Director must give the other Directors notice of the interest. This is why Directors declare their interests in their Consent to Act declarations, and why Directors are asked (usually at the beginning of each Board meeting) whether there has been any change to their previously disclosed interests.

3 CONFLICT OF INTEREST PROTOCOL

(a) GENERAL PROTOCOL

Every Director must notify the Board or the Chairman in writing, immediately upon becoming aware of any conflict of interest which that Director may have in relation to any particular matter that relates to the affairs of the Company.

The Board may make its own assessment as to whether a Director has a conflict of interest (whether actual or perceived).

A Director who is in any doubt about whether a notifiable conflict of interest exists should contact the Chairman to discuss the matter.

Where a Director notifies the Board or Chairman of a conflict of interest, or where the Board determines that a Director has a conflict of interest, in addition to any legal requirements, the Board is to adopt conflict protocols which may include one or more of the following:

- the relevant Director may be required to withdraw from Board meetings for the duration of any discussion on the relevant matter, unless the Board waives that requirement; and/or
- the relevant Director being required to refrain from taking part in any Board decision on that matter.

The Board may also adopt protocols which provide that the conflicted Director will not receive Board papers or other information which relates in any way to the subject-matter of the conflict.

Where any information is withheld from a Director because of a conflict of interest, the Company Secretary will notify the Director of the broad nature of the information withheld and the reason why further information relating to the matter has been withheld, and in extreme circumstances, the Chairman may consider the conflict of interest to be of such nature or sensitivity that it is not appropriate for the conflicted Director to be made aware of that information.

There may be circumstances where it may be appropriate for a conflicted Director to remain in a Board meeting in order to make a contribution to the full and proper discussion of the matter to which the conflict relates. Whether the conflicted Director may remain in a Board meeting will be decided by a resolution of non-conflicted Directors.

Where the Chairman has notified the Board of a potential conflict of interest involving himself/herself, an independent Director on the Board must take on the responsibilities of the Chairman under this Policy.

(b) STANDING NOTICES

Directors must disclose all material interests in other companies to the other members of the Board. For this purpose:

- a Director is deemed to have a material interest in another company if he or she is a director or salaried employee of that company;
- a Nominee Director is deemed to have a material interest in another company if the nominee company has an interest greater than 5% in the issued capital of another company;
- a Director is deemed to have a material interest in another company if the Director has a personal holding greater than 3% of the issued capital in another company; but

- holdings of securities in family companies, or relatively small holdings of securities in other companies for investment purposes, are not deemed to be material unless a potential conflict arises between the interests of those companies and the interests of the Company or any of its controlled entities.

A Director may, at any time, choose to submit standing notices of any material interests (Standing Notices) to all other Directors of the Board or Board Committee, as applicable.

Directors are obliged to keep their Standing Notices under review, and update them if the nature or extent of the interest changes.

(c) **SPECIFIC CONFLICT SITUATION – CONFLICT ISSUES WITH SUBSTANTIAL SHAREHOLDERS**

Where the Board includes Nominee Directors nominated by, or otherwise associated with, substantial shareholders who also have contractual relationships with the Company as commercial counterparties or who may be in competition with commercial counterparties of the Company (e.g. offtake customers, joint venture partners, suppliers and contractors of the Company), a specific situation of potential conflict of interest may arise.

In order to ensure that any such issues are handled in a balanced and sensitive manner with proper regard to the overall best interests of the Company, the Board may establish a committee (the Conflicts Committee) consisting of two or more Directors other than those associated with shareholders who are potentially conflicted.

The function of the Conflicts Committee will be to act as a sub-committee of the Board to oversee and provide guidance to the Board on the conflicted matter.

Where a decision in relation to any such matter would in the normal course be made by the Board, it will still come to the full Board but should be accompanied by a recommendation from the Conflicts Committee.

4 BOARD APPROVAL

This Policy may be amended by resolution of the Board, and will be reviewed annually as part of the annual review of the Company's Code of Conduct Standard.

Adopted by the Board on 21 January 2022