ZINNWALD LITHIUM PLC

CORPORATE GOVERNANCE STATEMENT

All members of the Board believe strongly in the value and importance of good corporate governance and in its accountability to all of the stakeholders in Zinnwald Lithium plc (“Zinnwald” or the “Company”) including our shareholders, advisers, regulators and other suppliers. Robust corporate governance improves performance and mitigates risk and therefore is an important factor in achieving the medium to long term success of the Company. In the statement which follows, we explain our approach to governance, and how the Board and its committees operate.

Changes to the AIM Rules for Companies on 30 March 2018 require AIM companies to apply a recognised corporate governance code from 28 September 2018. Zinnwald chose to adhere to the Quoted Company Alliance’s (“QCA”) Corporate Governance Code for Small and Mid-Size Quoted Companies to meet the requirements of AIM Rule 26. In 2023, the QCA updated this Corporate Governance Code and this statement addresses the revised format.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each.

Like all aspects of the QCA Code, addressing the disclosure requirements should not be approached as a compliance exercise; rather it should be approached with the mindset of explaining and demonstrating the Company’s good governance to external stakeholders.

The role of the Chair is to lead the Board and to oversee its function and direction. The Chair has the overall responsibility for implementing an appropriate corporate governance regime at the Company.

There have been no significant changes in governance arrangements during the last year.

The Company’s most recent annual report for the year ended 31 December 2023 was published on 22 March 2024 and the Company included certain of the updated disclosures recommended by the QCA Code in that report. The Company considers it more appropriate to include some of the recommended annual report disclosures in these annual QCA Statements instead of in annual reports.

Jeremy Martin
Non-Executive Chairman

Last updated: 14 November 2024

The following paragraphs set out Zinnwald’s compliance with the updated 10 principles of the QCA Code.

1 Establish a purpose, strategy and business model which promote long-term value for shareholders

Strategy

The Zinnwald Lithium Project (the "Project") is the Company's core development asset and the sole focus of the Board and its strategy. This strategy continues to be underpinned by a technically led team with extensive experience in bringing projects from the feasibility stage through to mine production, as well as the capital markets experience to source the funding required for these types of mining projects. The Company will focus on further de-risking the Project as it is advanced towards a financing decision.

Key work areas include the following with commentary on areas delivered so far in 2024:

- Expansion of the potential scale of the Project through resource expansion (both at the core licence area and satellite exploration licences), optimised mine planning, including the application of bulk mining techniques and infrastructure and site planning. **In 2024, the Company published an updated Mineral Resource Estimate that shows the Project as the second largest hard rock lithium project in the EU and the third largest in Europe. As part of the PFS due in Q1 2025, details of the mine planning in relation to the Project will be included**;
- Further refine the Processing Flowsheet that supports the primary production of battery grade lithium products including improvements in recoveries, reduced waste generation and the production of valuable by-products. **During 2024, testwork has advanced in relation to using Metso's Alkaline Leach flowsheet for the Project**;
- Complete a Bankable Feasibility Study that includes AACE Class 3 basic engineering on the Project following on from the 2022 PEA. **In 2024, the Company elected to go through an interim phase of producing a PFS due to the impact of a newly selected site location and the switch to the Metso flowsheet. The Company is targeting publishing the PFS in Q1 2025 and thereafter target completion of the BFS by the end of 2025**;
- Identification of and negotiation with further long-term cornerstone investors, as well as potential project financing partners that could include banks and national and trans-national development organisations. **In 2024, the Company has continued its discussions with investors and finance providers. This has included potential grant support under the German Government's Temporary Crisis and Transition Framework ('TCTF') scheme for the support of its domestic Battery Chain, which was endorsed by the Saxony government**;
- Identification of and negotiation with off-take partners that could include battery manufacturers, chemical producers or commodity traders**. In 2024, the Company has continued discussions with potential long term partners**;
- Minimising the carbon footprint through project wide optimisation (transport, material flow, flow sheet, site location). **The ongoing work on the flowsheet includes all measures to minimise the Project's carbon emissions as much as possible**;
- Finalisation of the selection of the optimal site locations. **In 2024, the Company identified a new site location that is well connected to local infrastructure and potentially offers the scope for further expansion of the Project. Further details will be provided in the forthcoming PFS**;
- Advancing the permitting process for the construction and operation of the mine. **In 2024, the Company has continued to advance its permitting application in relation to the Project and has commenced the 12 months baseline flora and fauna studies at the newly identified site location**; and
- Ensuring the social license to operate by extensive public participation. **The Company recognises that the Project's social license to operate will be integral to its success, including engagement with the general public and NGOs. It has now commenced the scoping stage of its Environmental and Social Impact Assessment (ESIA) that will be done in accordance with the Equator Principles and to meet international financing standards**.

Business Plan

The Board will continue to run the Group with an efficient cost base in order to maximise the amount that is spent on the Project. The main challenge faced by the Company is securing sufficient funding to execute the development programme for the Project. The Company maintains a tight control on its budgets and reviews spend against budget on a monthly basis. The Directors' extensive experience of mining projects helps to ensure that funds are spent in the most effective way possible, both on a cost basis and in relation to targeting the most effective areas to move the Project through to production and revenue generation.

The Company's public listing has enabled the Group to target a wide pool of investors, as demonstrated by the issuance of new equity, for cash and assets, several times over the last three years – the October 2020 RTO at 5p, the June 2021 acquisition from SolarWorld at 12.5p, and the December 2021 fundraise at 15.5p. In March 2023, the Company completed a fundraising at 10.41p, being a material premium to the share price at the time, to raise £18.75m to advance the Project towards BFS. As part of this fundraising, the Company secured its first industrial cornerstone investor in AMG Advanced Metallurgical Group, which subscribed for a 25% holding in the enlarged share capital.

Key challenges

The Company is a lithium exploration and mining company. Its primary asset is the Zinnwald Lithium Project in Germany. The Company is currently undertaking additional work to further develop the Project towards completion of a BFS and thereafter approval of the construction phase of the Project. As such, the Project is at a pre-revenue stage and inherently speculative in nature and, without regular income, is dependent upon fundraising for its continued operation. The pre-revenue nature of the business is important to the understanding of the Company by its members, employees and suppliers, and the Directors seek to provide transparency about the Company's cash position and funding requirements as is allowed under applicable regulations.

2 Promote a corporate culture that is based on ethical values and behaviours

At Zinnwald, we view sustainability as a guiding principle of our development strategy and are dedicated to delivering on the commitments to our shareholders, clients, employees, partners and other stakeholders with this in mind.

We believe that transparency and ethical behaviour are central to any successful company and undertake all development with respect to the environment and neighbouring communities. We seek to do this by:

- Minimising the Company's environmental impact;
- Fulfilling legal requirements and other requirements applicable to the Group;
- Identifying new ways to foster positive relationships in the local community;
- Safeguarding our people's health and wellbeing, as well as positive relationships in the work environment;
- Providing sustainability to the business for our shareholders and our partners; and
- We continuously review and improve our sustainability policy and productivity systems to ensure we meet these objectives.

The Board believes that the promotion of a corporate culture based on sustainability, sound ethical values and behaviours is essential to maximise shareholder value.

The Company maintains a Code of Conduct that includes clear guidance on what is expected of every employee and officer of the Company. Adherence of these standards is a key factor in the evaluation of performance within the Company, including during annual performance reviews. The Group's policies (including Whistleblowing and Anti-bribery) set out its zero tolerance approach towards any form of discrimination or unethical behaviour relating to bribery, corruption, or business conduct. Any areas of material non-compliance reported to the Board

The senior management team regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board for consideration as necessary. The Group is currently small enough that senior management have direct engagement with the entire team on a regular basis. We value our employees' thoughts and ideas and two-way communication is actively sought and encouraged.

3 Seek to understand and meet shareholder needs and expectations

Engagement with all shareholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. General communication with shareholders is co-ordinated by the CEO, CFO and Chairman.

The Company publishes information on its website, details of which are set out in principle 10, which the Board believes play an important part in presenting all shareholders with an assessment of the Group's position and prospects.

The Company's Annual General Meeting (AGM) will generally be held in London in June 2025 following the publication of its annual results and all shareholders are invited to attend.

Institutional Investors
In general, the Board maintains a regular dialogue with its institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM Rules, MAR and the requirements of relevant legislation. The Company typically holds meetings with institutional investors and other large shareholders following the release of interim and full year financial results.

Private Investors
The Company is committed to engaging with all shareholders and not just institutional shareholders. As the Company is too small to have a dedicated investor relations department, the CEO is responsible for reviewing all communications received from shareholders and determining the most appropriate response. The CEO works in conjunction with the Company's PR Advisers, St Brides Partners, to facilitate engagement with its shareholders. In May 2024, the Company established an enhanced mechanism for interacting with retail shareholders via signing up with InvestorHub, a platform that facilitates the sharing of relevant content with shareholders as well as providing a channel for investors' questions to be raised and answered.

Board review
The Board as a whole is kept informed of the views and concerns of shareholders by briefings from the CEO, Chairman and the Company's Broker.

4 Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Board recognises that its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its shareholders. The Board also recognises that its operations have wider obligations to the local community and other stakeholders in that area. Our Environmental, Social and Governance (ESG) and Sustainability responsibility frameworks and approach is designed to meet these expectations and thus avoid the issues that can often hinder mining projects.

Our most important stakeholder groups are our shareholders, staff and employees, contractors, those communities that reside in proximity to our mining projects, our regulators and our advisers. Each member of the Board and the Management Team maintains an active relationship with these stakeholders based on the relevance to their skillset and experience.

Managing Responsibility at a Corporate Level
Ultimate responsibility for the Company's Corporate Responsibility activities lies with the Board which sets the Company's strategic approach and development of key internal and external corporate policies. These are then delivered by the Senior Management Team ("SMT"). The SMT supports the Audit Committee in ensuring compliance with the Company's internal Code of Conduct, as published on the Company's website, as well as financial compliance and risk management.

The external corporate policies include the following and are all found on the Company's website:

- Anti-Corruption and Bribery Policy; Anti-Facilitation of Tax Evasion Policy; Code of Conduct; Corporate Complaints Policy; Employment and Human Rights Policy; Grievance Policy; Occupational Health and Safety Policy; Social Performance Policy and Whistleblower Policy

Social and Environmental Responsibility
The Board understands that it has a responsibility to consider, where practicable, the environmental and economic impact of its operations. As a mining exploration Company operating primarily in Germany, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. Wherever

possible, local communities are engaged in the geological operations and support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, the Company follows international best practice on environmental aspects of its work. The Board's goal is to meet or exceed the required standards, in order to ensure the Company obtains and maintains its social licence to operate from the communities with which it interacts.

The Company has committed to preparing an ESIA and a suite of Environmental and Social Management Plans (ESMPs) to meet the requirements of:

- National Regulatory Framework: Applicable federal states/local, national and European requirements, including those related with environmental and social impact assessments, including relevant international conventions (e.g. Aarhus Convention, Espoo Convention etc.) and protocols relating to environmental and social issues, as transposed into national legislation;
- International Financing Institutions (IFI) Standards: This will involve compliance with the IFC E&S Performance Standards, EBRD's ESP and PRs, Equator Principles 4, OECD Common Approaches and meeting Good International Industry Practice (GIIP) guidance (e.g. World Bank Group EHS Guidelines).

The Project has appointed ERM International Group (ERM) to complete the Scoping Study work for the ESIA to be delivered in February 2025 prior to the start of the full ESIA process. During the Scoping Stage, the Project will deliver its Stakeholder Engagement Plan (SEP), the 'Land Acquisition & Resettlement Framework (LARF)' and Grievance Mechanisms. The outcome of the scoping process will establish the scope of the full ESIA and supporting baseline studies.

5 Embed effective risk management, internal controls and assurance activities considering both opportunities and threats, throughout the organisation

The Board is responsible for putting in place and communicating a sound system to manage risk and implement internal control. The Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported to the Board. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk.

The Board has delegated certain authorities around Risk management to the Audit Committee, which has its own formal terms of reference. Further details regarding the Board terms of reference and powers and the Committees can be found below in Principle 6.

Financial controls

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Senior Management Team, the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company.

- The Board is responsible for reviewing and approving overall Company strategy, approving budgets and plans. Monthly results and variances from plans and forecasts are reported to the Board.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, operational and financial controls.
- There are procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period.

Internal Controls

The Board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk as even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

- Regular Board meetings to consider the schedule of matters reserved for Directors' consideration;
- A risk management process;
- An established organisation with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities;

- Comprehensive budgets, forecasts and business plans, approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances;
- An Audit Committee of the Board considers significant financial control matters as appropriate; and
- Documented whistle-blowing policies and procedures.

Corporate Risk register

The Group's internal risk identification and management process is undertaken by the SMT which prepares and reviews the risk register for the Group. The risk register details specific risks to the Group and mitigating actions required to manage these risks. The risk register is then reported to the Audit Committee at least biannually and any specific risk items may also be discussed at Board level as appropriate.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects are set out below. For a more detailed list and evaluation of the latest trends in the Risk and the steps taken by the Company to mitigate the risk, see the Company's most recent Annual Report to 31 December 2023.

Ongoing Capital requirements

Additional funding will be required to complete the proposed future exploration and development plans on the Project. There is no assurance that any such funds will be available. Failure to obtain additional financing, on a timely basis, could cause the Group to reduce or delay its proposed operations. The source of funds currently available to the Group for the Project has been derived from the issuance of equity. The Group will endeavour to add complimentary sources of funding as it progresses, which may include any of debt, offtake investment, royalties, grants or governmental funding. While the Group has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company and its shareholders. Any debt-based funding, should it be obtainable, may bind the Group to restrictive covenants and curb its operating activities and ability to pay potential future dividends.

Mining, Exploration and Development Risks

There is no certainty that the expenditures to be made in the exploration and development of the Group's properties in which it has an interest will result in profitable commercial operations. Most exploration projects do not result in the discovery of commercially mineable deposits. The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties and hazards, which even a combination of careful evaluation, experience and knowledge may not eliminate.

Market forces of supply and demand/pricing fluctuations

Numerous factors beyond the Group's control do and will continue to affect the marketability and price of lithium products received by the Group, once it is in production. Accordingly, lithium product prices will be the Group's most significant financial risk. The Group intends to sell most or all of its production of battery-grade lithium products to its offtake partners on long-term supply contracts for on-sale to battery manufacturers. The market for these long-term supply contracts is opaque and not subject to any globally accepted or hedgeable spot market price.

The price of these contracts will be largely dictated by the expected growth in demand for lithium-ion batteries in conjunction with increased supply from other mines. Whilst growth in demand for lithium has been strong in recent years due primarily to increased usage of electric vehicles and grid storage, there is no guarantee that this growth will continue at the same rate. The Group competes on a supply basis with established competitors, which may be able to increase production to fill any supply shortfalls. Furthermore, reserve estimates and feasibility studies using different commodity prices than the prevailing market price could result in material write-downs of the Group's investment in its assets, increased amortisation, reclamation and closure charges or even a reassessment of the feasibility of the Group's projects. Downside price cannot currently be mitigated as no derivatives are currently available.

Competition in the Lithium industry

The Group's future battery-grade lithium products are expected to compete primarily for market share with existing lithium producers and spodumene concentrate producers. The Group is expecting to compete based on the quality of its end-product, consistent and fast production and price per tonne. The Group's competitors, some of which are large multinational corporations, may have substantial strategic advantages over the Group, including existing infrastructure, greater financial resources, strategic relationships with customers and logistical advantages in certain markets and could enhance their competitive position through acquiring, or consolidating interests in, other lithium producers. In addition, new competitors could obtain access to reserves of lithium through new discoveries or to the extent existing or greenfield projects become more economically viable. Any of the foregoing advantages and potential advantages of the Group's competitors over the Group could materially impact its ability to successfully sell its lithium products, which could have a material adverse effect on the Group's business, results of operations and financial condition.

Change in Battery Technology

There is no guarantee that lithium-ion batteries will remain the dominant technology in either the battery market as a whole or specifically in the EV sector. Advances have been made in alternative technologies such as solid-state batteries, hydrogen fuel cells, lithium-sulphur, vanadium redox flow batteries, aluminium-graphite, sodium-ion and iron based batteries. Any one of these new technologies may have the potential to supplant or reduce demand for lithium, if sufficient resources are dedicated to commercialising it. Lithium is the lightest metal and the least dense solid element on the periodic table and its high electrochemical potential makes it a valuable component of high energy-density rechargeable lithium-ion batteries. Whilst it is technically one of the most abundant elements on earth, it is most usually found in low concentrations that would make it uneconomic to extract. Car and battery manufacturers have invested heavily in lithium-ion technology and, as yet, show relatively little sign of changing their approach. The price per kilowatt hour of a lithium-ion battery has fallen by more than 97% since 1991 and is now well below $100.

Further licenses and permits required

The Group's concessions for its projects will need to obtain further licences and permits prior to commencing commercial operations. The Group will also be required to obtain further environmental and technical permits for the construction and development of its commercial operations. There is a risk that these further permits, concessions and licences may not be granted which would have a significant material adverse effect on the Group. In addition, the granting of such approvals and consents may be withheld for lengthy periods or granted subject to satisfaction of certain conditions which the Group cannot or may consider impractical or uneconomic to meet. As a result of any such delays or inability to exploit such discoveries, the Group may incur additional costs or losses.

Personnel retention and recruitment

The Group's ability to compete in the competitive resource sector depends upon its ability to retain and attract highly qualified management, geological, technical and industry experienced personnel. Such personnel are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

Environmental laws and regulations

The Group's operations are subject to various state and foreign environmental laws concerning, among other things, water discharges, air emissions, waste management, toxic use reduction and environmental clean-up. Environmental laws and regulations continue to evolve, and it is likely the environmental laws and standards that regulate the operations will continue to be increasingly stringent in the future. Any violation of, litigation relating to or liabilities under these laws and regulations could have a material adverse effect on the Group.

Market perception

Market perception of exploration and extraction companies may change in a way which could impact adversely the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Ordinary Shares or otherwise.

Foreign currency exchange rates
The Group's revenues will be derived in Germany and the Group's operations and profitability may be adversely affected by movements in foreign currency exchange rates, particularly by movements in the US dollar and/or Euro relative to the British pound sterling, through both transaction and conversion risks. The Group's operational and functional currency is the Euro, whilst lithium products are generally priced and transacted in US dollars. The Group's ongoing capital and operational expenditures will primarily be in Euros with some exposure to British pound sterling . The Group's primary exposure to British pound sterling is in relation to the currency of its listed shares and the Group takes the appropriate hedging steps to mitigate the risks on fund-raising.

6 Establish and maintain the board as a well-functioning, balanced team led by the chair

Board Composition

As at 14 November 2024, the Board comprised two Executive Directors, a Non-Executive Chairman and three other Non-Executive Directors. Details of the current Directors are set out within the list of Directors below. The Board will continue to review its structure in order to provide what it considers to be an appropriate balance of executive and non-executive experience and skills.

The Board considers the following Non-Executive Directors to be independent – Jeremy Martin, Graham Brown and Peter Secker. None of these Directors have been employees, have a significant business relationship or close family ties with related parties or represent significant shareholders. Accordingly, the Company complies with the QCA Code's requirement that half the Board are considered independent. The Board notes that the Company follows the QCA guidelines on Corporate Governance that does not prohibit non-executive Directors participating in performance related remuneration schemes, provided that it is mindful of any potential effects on objectivity and director independence. The Board believes that the number of Options granted to Non-Executive Directors is not material in either absolute value, or in relative terms to the issued share capital or material to their respective personal wealth. The Board believes that issuing these Options strikes an appropriate balance that preserves the Company's cash whilst enabling it to recruit and retain the calibre of its technically and commercially experienced Directors. The Board is in regular contact with its significant shareholders, none of whom have expressed any concerns around the award of these Options and continue to overwhelmingly vote in favour of resolutions proposed at the Company's AGMs.

Dr Stefan Scherer was appointed as a Non-Executive Director in April 2023 under the terms of the relationship agreement signed with AMG Critical Minerals N.V. ('AMG') as part of its participation in the fundraise in March 2023 that resulted in it owning 25% of the enlarged share capital of the Company. Under the agreement, AMG has undertaken to the Company and Allenby Capital, the Company's Nominated Adviser, that, for so long as it is interested in Ordinary Shares carrying 15% or more of the Company's voting share capital, it will not act to unduly influence the Company or its Board and will ensure that transactions entered into by it with the Company are on an arms' length basis and independently considered by the Company. The relationship agreement provides AMG with the right to maintain its 25% shareholding in future fundraises and also provides that for so long as AMG is interested in Ordinary Shares carrying a minimum of 15% of the Company's voting share capital, AMG shall be entitled to appoint one Director to the board of the Company. Accordingly, Dr Scherer is not considered independent.

Board Terms of Reference and Powers

The Board sets the Company's strategic aims and ensures that necessary resources are in place in order for the Company to meet its objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

The Board has adopted a 'Charter' that sets out the role and responsibility of the Board and the manner in which it will exercise and discharge these duties. The role of the Board is to determine the strategic direction of the Company, regularly review the appropriateness of it and oversee its implementation. It is not the role of the Board to manage the Company itself but rather to monitor the management and performance of the business. It does this in the following areas:

- Board composition and organisation;
- Strategy, financial and operational matters;
- Financial expenditure;
- Shareholder engagement and communications;
- Governance and general sustainability (ESG) matters, and
- Designated positions of responsibility. The roles of management are covered in relation to their interaction with the Board rather than their day-to-day operational tasks

The Non-Executive Directors have a particular responsibility to challenge constructively the strategy proposed by the Chairman and Executive Directors; to scrutinise and challenge performance; to ensure appropriate remuneration and that succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team. The Executive Directors enjoy open access to the Non-Executive Directors with or without the Chairman being present.

Director Commitments

The Executive Directors, Anton du Plessis and Cherif Rifaat, are employed on full time contracts. All Non-Executive Directors acknowledge in their letter of appointment that the nature of the role makes it impossible to be specific on the maximum time commitment required and that at certain times of increased activity, then preparation and attendance at meetings will increase. All Directors are expected to attend all Board meetings (either in person or by phone), the AGM and committee meetings.

Board Meetings

The Board looks to meet in a formal manner on a quarterly basis, with additional meetings held as required to review the corporate and operational performance of the Group. Each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the year.

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers which are circulated to Directors well in advance of all meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

A summary of Board meetings attended in the 12 months to 31 December 2023 is set out below:

	25 April	**13 June (also AGM)**	**18 September**	**19 December**
Jeremy Martin	✓	✓	✓	✓
Anton du Plessis	✓	✓	✓	✓
Cherif Rifaat	✓	✓	✓	✓
Graham Brown	✓	✓	✓	✓
Peter Secker	✓	✓	✓	✓
Stefan Scherer	✓	✓	✓	✓

Board Committees

The Board has delegated specific responsibilities to the Audit, Remuneration and Sustainability Committees, details of which are set out below. In accordance with the recommendations of the updated QCA Corporate Governance Code, the Board has approved the establishment of a Nominations Committee, which will be duly constituted in 2024. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. It is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.

There is currently no internal audit function, given the size of the Group, although the Audit Committee keeps this under annual review.

AUDIT COMMITTEE

The Audit Committee's overall goal is to ensure that the Group adopts and follows a policy of proper and timely disclosure of material financial information and reviews all material matters affecting the risks and financial position of the Group. The Committee is responsible for overseeing the Company, major subsidiaries and the Group as a whole, in relation to the following matters:

- Financial reporting;
- Internal control and risk management system;
- Internal audit function;
- External audit and the relationship with the external auditors, and
- Whistleblower and fraud programme.

The Audit Committee meets at least twice a year and comprises independent non-executive Directors only, with the Chief Financial Officer in attendance and not a member. The external auditors may attend all meetings. The Audit Committee comprises Graham Brown as Chairman and Jeremy Martin. The Audit Committee Report is included in the Company's annual report.

REMUNERATION COMMITTEE

The Remuneration Committee assumes general responsibility for assisting the Board in respect of remuneration policies and strategies for the Company and ensuring they are designed to align with the Company's goals and promote long-term sustainable success. The Committee ensures that the Company offers competitive remuneration that is aligned to Company purpose and values, and clearly linked to the successful delivery of the Group's long-term strategy, whilst remaining financially responsible. It also ensures formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration. The Committee is responsible for overseeing the following matters:

- Remuneration policies, including long and short-term incentives;
- Review of executive management performance and recommendations for incentive awards;
- Annual reporting of the Company's remuneration activities;
- Administration of the New Share Incentive Schemes;
- Company policies regarding pension and other benefits, and
- The engagement and independence of external remuneration advisers.

The Remuneration Committee will meet as and when necessary. The Remuneration Committee is comprised exclusively of independent non-executive Directors and currently comprises Graham Brown and Jeremy Martin as Chairman. No Director is permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee Report is included in the Company's annual report.

SUSTAINABILITY COMMITTEE

The Committee has a general responsibility for ensuring the Board's effectiveness and continuing development in meeting the ten principles detailed in the QCA Corporate Governance Guidelines for Small and Mid-Size Companies, which was revised in November 2023 and comprises the ten key principles outlined in this statement. The Committee is also responsible for overseeing, on behalf of the Board, the development, implementation and monitoring of the Company's sustainable development in all its internal policies and operations around the three pillars of the Group's Sustainability framework. These are based on the United Nations' set of 17 Sustainable Development Goals (SDGs), of which for mining companies, the key takeaways are to extract responsibly, waste less, use safer processes, incorporate new sustainable technologies, promote the improved wellbeing of local communities, curb emissions, and improve environmental stewardship.

The Committee is responsible for overseeing for the Company, major subsidiaries and the Group as a whole, the following matters:

- Corporate Governance matters highlighted by the QCA Code;
- Sustainability matters and policies ;;
- Undertake and report on an annual basis an ESG Materiality assessment to identify key issues as the Company moves through its evolution from exploration to construction and into production; and
- Reporting of all ESG and Corporate Governance matters in Company publications.

The Sustainability Committee is comprised of Jeremy Martin (Chairman), Graham Brown and Anton du Plessis. Cherif Rifaat has been appointed the Designated Director for Sustainability matters and will report to the Committee. The Committee will meet at least twice per year.

7 Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Board

The Board meets regularly to determine the policy and business strategy of the Group and has adopted a schedule of matters that are reserved as the responsibility of the Board. The Board considers that there is an appropriate balance between the Executives and Non-Executives (both independent and non-independent) and that no individual or small group dominates the Board's decision making.

Chairman

The Chairman is responsible for leadership of the Board and for the efficient conduct of the Board's function. The Chairman is expected to encourage the effective contribution of all directors and promote constructive and respectful relations between Directors and senior management.

Chief Executive Officer

The Chief Executive Officer leads the development of the Company's short and long–term strategies; fund-raising; general liaising with shareholders; monitoring of the market landscape, expansion opportunities, industry development and ensuring that the Company maintains high social responsibility.

Board matters

The overall role of the Board, including internal controls, is set out above in Principle 5. The Board has delegated certain authorities to committees, each with formal terms of reference, as follows:

- Nomination Committee – The whole Board acts as a Nomination Committee;
- Audit Committee – please refer to Principle 6 for further information;
- Remuneration Committee – please refer to Principle 6 for further information; and
- Sustainability Committee – please refer to Principle 6 for further information.

Reserved Matters

The Board has reserved the following matters for sole approval by the Board:

- Review and approval of the Company's strategic plan;
- Review and approval of the annual operating plan and budget, including any changes during the year;
- Establishment of expenditure limits and approval of exceptions;
- Hiring, review and compensation of CEO, CFO and COO;
- Director recruitment;
- Appointment of Chairman; and
- Appointment of Committee Chairmen and Committee members.

Governance Framework

The Board continues to monitor its governance framework on an ongoing basis. As the Company grows, the Directors will consider adding additional board committees, such as a nominations committee, and hiring additional personnel in areas such as investor relations or internal audit.

Share Dealing Policy

The Company has a policy on share dealing and confidentiality of inside information for persons discharging managerial responsibilities and persons closely associated with them, which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to preventing dealing during close periods in accordance with Rule 21 of the AIM Rules and MAR) and the Company takes all reasonable steps to ensure compliance by the persons governed by such policy.

Board as a whole

The skills and experience of the Board are set out in their biographical details below. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. The Board believes it has a mix of technical skills (e.g. geologists), sector experience (exploration through to production with resources companies), public company experience and financial expertise to enable it to deliver on its strategy. Whilst there is not currently a balance of genders on the Board, the Company's Directors look to appoint individuals with complementary skills and experience to fulfil the Company's strategy, regardless of gender.

The Board does not believe that any of the Directors have too many directorship roles at other listed companies and are hence at risk of "over-boarding" as defined by ISS voting guidelines, but will continue to monitor this on an ongoing basis. The Board is satisfied that the Chairman and each of the non-executive Directors is able to devote sufficient time to the Group's business. The Directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions.

List of Directors

Jeremy Martin*. Non-Executive Chairman*

Mr Martin was one of the original founders of the Company in 2012 and has performed both non-executive director and non-executive chairman roles. He is a geologist with over 25 years experience with a track record of discovery and project development in precious and critical minerals across Latin America and Europe. He has a strong technical background covering early-stage exploration, feasibility study, project evaluation, permitting, sustainability reporting and structuring, and ultimately to project development. He has broad capital markets experience on AIM and the TSX, having completed a number of IPOs, and established JVs and or partnerships with some of the leading major mining companies, including Anglogold, Teck, Glencore and Vale. Mr Martin holds a BSc (Hons) from the Camborne School of Mines and MSc.

Anton Du Plessis. *Chief Executive Officer*

Mr du Plessis joined the Company, originally as Chief Executive Officer, in October 2018. He has over 25 years' experience in the mining, industrial and finance sectors. During this time, he held senior positions at several international investment banks including CIBC, Bank of America Merrill Lynch and Morgan Stanley with a focus on advising natural resources companies on the execution of strategic and financing transactions. He has worked on transactions across a range of commodities and for several leading global companies including Anglogold Ashanti, Rio Tinto and BHP Billiton. Prior to embarking on his investment banking career, he worked for the Anglo American group in a corporate finance and business development capacity.

Cherif Rifaat*. Chief Financial Officer*

Mr Rifaat has been Chief Financial Officer of the Company since 2017. He is a UK chartered accountant with more than 20 years of venture capital, corporate finance, operational turnaround and investor relations experience since his qualification with KPMG. He has primarily worked with technology, mining and real estate companies, with an emphasis on those in a start-up, pre-IPO or restructuring phase. He has been a corporate and financial adviser to the lithium mining company, Bacanora Lithium Ltd, since it listed on AIM in 2014, and is currently its company secretary. He has been a member of the ICAEW since 1998.

Graham Brown*. Non-Executive Director*

Mr Brown has served as a non-executive director of the Company since 2017. He has been a Fellow of the Society of Economic Geologists ("SEG") since 1999, participated in the Colombia Senior Executives programme in 2004 and the Duke Business Leaders programme in 2007. He is a past councillor of the SEG and current British Geological Survey industry adviser and Natural History Museum honorary research fellow. In 2011, he was the co-recipient of the PDAC Thayer Lindsley Award and from 2013 attained both Chartered Geologist and European Geologist professional status. He joined Amax as an exploration geologist in 1980 and worked on a variety of exploration and mining operations in the Circum-Pacific region. For almost a decade, he worked as a consultant involved with the exploration and evaluation of a number of major discoveries in both Asia and Europe. In 1994, he joined Minorco as Chief Geologist. Subsequently he became the Europe-Asia region's Vice President Exploration and following the Minorco-Anglo American plc merger in 1999, he served as Vice President Geology. In 2003 he was appointed Senior Vice President Exploration and managed geosciences, technical services, and R&D programmes. In 2005 he was promoted to Head of Base Metals Exploration and in 2010 he took up the position of Group Head of Geosciences for the Anglo American Group. He is currently a senior adviser to Appian Capital, a prominent private equity fund focussed on mining.

Peter Secker. *Non-Executive Director*

Mr Secker has served as a non-executive Director of the Company since October 2020. He is a mining engineer with over 35 years' experience in the resources industry. During his career, he has built and operated a number of mines and metallurgical processing facilities in Africa, Australia, China and Canada. His operating and project experience spans several commodities, including titanium, copper, iron ore, gold and lithium. For the past 15 years, he has been Chief Executive of several publicly listed companies in Canada, the UK and Australia; he is currently CEO of Bacanora Lithium Ltd.

Dr Stefan Scherer. Non-Executive Director

Dr Scherer has served as a non-executive director of the Company since April 2023. He has more than 20 years' experience in the speciality and fine chemical industries having studied chemistry at the Technische Hochschule Darnstadt and completed a PhD in Organic Chemistry at the Goethe University in Frankfurt. He is currently Chief Executive Officer of AMG Lithium GmbH and Chief Commercial Officer of AMG Lithium BV, where he is responsible for AMG's downstream lithium business and its overall lithium development strategy. Prior to this, he held various R&D, operational, and management positions including roles at Albemarle and Rockwood Lithium/Chemetall.

Board Advice during the year

During the year, the Board did not commission any external advice for its own matters.

Internal Advisory roles

Senior Independent Director

Due to the size of the Company, the Board does not feel it necessary to appoint a Senior Independent Director. The Board will keep this under review as it progresses towards a financing decision and ultimately construction of the Project.

Company Secretary

The Chief Financial Officer undertakes the role of Company Secretary, as the Board does not feel the size of the Company warrants an individual to be employed specifically for this role. Mr Rifaat is an experienced Plc company secretary with extensive experience of the AIM market. The Board will look to appoint an individual company secretary when it is closer to its financing decision on the Project.

8 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Annual Board appraisal

In accordance with current best practice and the QCA Code, the Board conducts an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. This is conducted at year end by way of a detailed questionnaire followed by individual interviews with the Chairman, if requested. The results of the questionnaire were fed back in detail at the Q1 2024 Board meeting. There were no material issues identified. In addition, the Non-Executive Directors meet, informally, without the Chairman present and evaluate his performance. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process given the likely cost as compared with the size and relative complexity of the Company at this stage of the Project's development. Although the Board notes the option of doing so is kept under review.

Ongoing Board Development

Executive Directors are subject to the Company's annual review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered.

Non-Executive Directors are encouraged to raise any personal development or training needs with the Chairman or through the Board evaluation process.

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate.

Succession Planning
The Board has a minuted emergency succession plan for the Senior Management Team. On an ongoing basis, Board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current Board members.

9 Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

General remuneration policy
The Company's remuneration policy for executives, directors and employees is designed to support the delivery of the Group's sole focus being the development of the Project from exploration stage through to being a meaningful supplier of battery-grade lithium products to the European battery industry. Basic annual remuneration is set at a level to compete with other rival employers to ensure the development of an owners team that can deliver the Project. The various short- and long-term incentives schemes, originally developed under advice received from independent consultants and approved by shareholders at the time of the 2020 RTO, are designed to specifically link remuneration with long term performance both in terms of delivered key strategic milestones as well as overall returns to shareholders. This policy has been reviewed by major shareholders, which have continued to support the Company by consistently voting significantly in favour of resolutions proposed by Directors at the AGMs. The Board has no plans to amend this overall remuneration policy.

Remuneration for Executive Directors and Senior Management
All Executive Directors are paid a fixed annual salary and, subject to meeting appropriate targets within their scorecard, are included in the 2020 RSU and PSU share-based incentive plans noted below. All Executive Directors have a six month notice period in their contracts and no "loss of office" payments bar the notice period.

With effect from 1 October 2020, the Company adopted the RSU and PSU incentive Schemes for Executive Management, both of which were approved by shareholders on 26 October 2020 as part of the RTO of Bacanora's original stake in Zinnwald Lithium GmbH into the Company. The rules of both schemes replicate scheme structures devised for Bacanora by Pearl Meyer in an independent review of executive remuneration in February 2020.

The RSU scheme, in essence, is effectively an annual cash bonus system where the pay-outs are in a form of deferred equity. It is a three-year scheme, in line with best practice, comprising one year performance assessment followed by two years to automatic vesting in full on that date. All awards granted under the RSU Scheme are based on assessed scores against KPIs agreed at the start of the year by the Committee relating to personal, financial, strategic and ESG metrics. The Committee scores performance as a percentage of salary for the period, up to a pre-agreed maximum at the start of the year, divided by the five Day VWAP share price at the end of the performance period.

The PSU scheme is a five-year scheme, in line with best practice, comprising three year performance assessment followed by two years to automatic vesting in full on that date. The maximum potential payout of PSUs is calculated at the start of a performance period, based on a fixed percentage of salary and the share price at the start of the period. Awards are awarded solely based on results against objective corporate metrics set by the Committee at the start of each year - 50% based on an objective goal(s) relating to corporate strategy for the three-year measurement period, and 50% based on 'Relative Total Shareholder Return ("RTSR")' against the relevant peer group.

Full details on each scheme and relevant awards in each period are detailed in the Remuneration Committee's report in each Annual Financial Statement.

Remuneration for Non-Executive Directors and Key Employees
All Non-Executive Directors entered into appointment letters at the time of the RTO in October 2020 on a fixed annual fee basis. The Non-Executive Directors have three month notice periods in their letters, apart from the Chairman who has a six-month period to reflect the significance of the role. There are no "loss of office" clauses in the letters. Key employees are employed on full-time contracts with a maximum three month notice period.

The Zinnwald Lithium Plc Option scheme was put in place at the time of the Company's original IPO on AIM in November 2017. It is now only eligible for Group Employees, Consultants and Non-Executive Directors. The basic terms of this scheme are that Options are granted at the start of each year based on performance against KPIs for the prior year; Options vest one third on date of grant, one third after 12 months, one third after 24 months; Options expire 90 days after recipient ceases to be an employee, consultant or Director, unless the Board specifically agrees in writing otherwise; and Options expire on the fifth anniversary of the date of grant, if unexercised.

The Board notes that the Company follows the QCA guidelines on Corporate Governance that does not prohibit non-executive Directors participating in performance related remuneration schemes, provided that it is mindful of any potential effects on objectivity and director independence. The Board believes that the number of Options granted to Non-Executive Directors are not material in either value or in relative terms to issued share capital. The Board believes that issuing these Options strike an appropriate balance that preserves the Company's cash whilst enabling it to recruit and retain the calibre of its technically and commercially experienced Directors. The Board is in regular contact with its significant shareholders, none of whom have expressed any concerns around the award of these Options and continue to overwhelmingly vote in favour of resolutions proposed at the Company's AGMs.

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

Work of the Board Committees
The Board met to undertake its customary annual review and focussed on the Company's compliance with the revised QCA Guidelines. The availability of the Audit Committee and Remuneration Committee reports are detailed below.

Audit Committee Report
The latest Audit Committee's report is included in the 2023 annual report. Please refer to principle 6 for the scope of the Audit Committee.

Remuneration Committee report
The latest Remuneration Committee's report is included in the 2023 annual report. Please refer to principle 6 for the scope of the Remuneration Committee.

Sustainability Committee report
The latest Sustainability Committee's report is included in the 2023 annual report. Please refer to principle 6 for the scope of the Sustainability Committee.

Dialogue with Shareholders
Please refer to Principle 2 for further details.

Website Disclosures
Zinnwald places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Company's activities are clear, fair and accurate. The Company publishes on its website the following information, which the Board believes play an important part in presenting all shareholders with an assessment of the Group's position and prospects:

- The Company's latest Investor Presentation;
- The Company's most up to date technical reports on the Project;
- All Annual and Half-Yearly Financial Statements;
- All Company press releases issued under the RNS service;
- Notice of any General Meetings;

- Details on the results of all resolutions put to a vote at the most recent AGM. The results of voting on all resolutions in future general meetings will be posted to the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders; and
- Contact details including a dedicated email address (info@zinnwaldlithium.com) through which investors can contact the Company.

The Company is currently finalising plans for a German language community focused website to be launched in 2024 that will enable direct communication to and engagement with local stakeholders.

InvestorHub

In May 2024, the Company launched its interactive Investor Hub which allows the Company to share more content and insights about its activities and plans and facilitate increased engagement with both existing and prospective shareholders. The new hub brings all Zinnwald content into a single integrated platform to better inform and engage with investors and stakeholders, including Regulatory announcements; Reports; Presentations; Educational material; Interviews and Corporate research.