

CORPORATE GOVERNANCE STATEMENT

Dear Shareholder,

From 28th September 2018 as part of a change to the AIM Rules, the Company is required to maintain on its website details of a recognised corporate governance code, how the Company complies with this code and an explanation of any deviations from the code. The information will need to be reviewed annually and the website should include the date on which the information was last reviewed. Going forward this will be reviewed at the same time as the Annual Report and Accounts are prepared. The Directors recognise the importance of sound corporate governance and have sought to address these new requirements in a timely manner and have set out below the Company's Corporate Governance Statement.

I am pleased to present the Corporate Governance Statement of KEFI Minerals plc. This statement sets out the key features of KEFI's governance structures and provides an insight into the workings of our Board and Board Committees. I believe that integrity, transparency and accountability are key principles of corporate governance and I intend to uphold these principles in my role as Non-Executive Chairman of the Board. I look forward to working closely with the members of our Board, our Executive Directors, senior management, and indeed our wider stakeholders to ensure KEFI operates under a robust governance framework which facilitates the growth and delivers returns for shareholders. I was appointed as Non-Executive Chairman on 20 July 2018, a move reflecting the Board's desire to separate the two top roles and strengthen its corporate governance as KEFI transitions to the mine build and operational phases of its development. I intend to continue to have an open dialogue with our major shareholders and ensure that there is strong communication between our shareholders, stakeholders and the Board. The independence of the KEFI Board has been further strengthened with the appointment of Mr. Mark Tyler as an additional Independent Non-Executive Director, in September 2018 hence creating a majority of independent Directors.

The QCA Corporate Governance Code

In ensuring good governance KEFI has adopted The Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") and applies the ten principles of the QCA Code as set out in this statement. The Board has also adopted a set of internal corporate governance policies that support compliance with the QCA Code on an on-going basis by the Board, its Committees and its employees, and in relations with wider stakeholders. These policies are also described in more detail in this statement.

- 1. Business Model & Strategy;** The QCA Code states that 'the board must be able to express a shared view of the Company's purpose, business model and strategy.'

- a) KEFI's strategy is to invest in and develop its operating businesses to deliver long term, sustainable growth. Our aim is to create wealth for our shareholders by developing into profitable mines the gold and base metal deposits that KEFI has discovered or acquired in a cost-effective manner.
- b) KEFI is focused primarily on the advanced Tulu Kapi Gold Project development project in Ethiopia, along with its pipeline of other projects within the highly prospective Arabian-Nubian Shield. KEFI targets that production at Tulu Kapi to generate cash flows for capital repayments, further exploration and expansion as warranted and, when appropriate, dividends to shareholders. KEFI stands ready to develop Tulu Kapi as Ethiopia's first modern gold mine and then pursue organic growth via KEFI's already-established project pipeline in Ethiopia and Saudi Arabia. KEFI's objective is to become a dividend-paying high-growth mining leader in the Arabian-Nubian Shield area.
- c) KEFI delivers on its strategic aims by (i) defining additional reserves and resources in Saudi Arabia and Ethiopia; (ii) securing appropriate funding; (iii) developing metals production; (v) maintaining good community relationships; and (vi) employing compliant environmental governance practices.

2. **Understanding Shareholder Needs and Expectations;** The QCA Code states 'the directors must develop a good understanding of the needs and expectations of the Company's shareholder base.'

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The directors believe that KEFI has a successful and well-established programme which facilitates shareholder engagement. Significant developments are disseminated through the Regulatory Information Service (RIS) and timely updates of the Company's website. The Board views the AGM as an effective forum for communication between the Company and its shareholders and encourages their participation in its agenda. KEFI has an active and effective investor relations programme that includes institutional road-shows and presentations, effective Annual General Meetings with presentations to shareholders and a high level of disclosure of KEFI activity to its shareholders. This programme is run by KEFI with the assistance of a dedicated retained Financial PR company.

3. **Considering Wider Stakeholder and Social Responsibilities**

The QCA Code states that long-term success relies upon good relations with a range of different stakeholder groups both internal and external. The board needs to identify the Company's stakeholders and understand their needs, interests and expectations. The method used

by the Company to obtain feedback from stakeholders is discussed in point 10 below.

- a. The board has identified KEFI's stakeholders to include including staff, suppliers, customers, partners, local government and the wider community. A key part of KEFI's business model is identifying the impact that KEFI's business activities will have on the communities in which KEFI operates. The Company is always looking for opportunity to develop the community as a whole in which it operates and KEFI behaves ethically in its recruitment, training and engagements. The environmental impact of KEFI's activities is also carefully considered and the maintenance of high environmental standards applied.
- b. KEFI already has the Government of Ethiopia as a joint venture partner in the Tulu Kapi gold project.
- c. As an example of KEFI's engagement with the wider community in which it operates KEFI has taken the following initiatives and commitments:
 - i. Already provided a local school and water wells
 - ii. Extensive consultation, as co-ordinated by Woreda, for resettlement compensation and actual move and will apply International Standards to the compensation and re-settlement community process
 - iii. Facilitated selection of new host lands from 17 alternative sites offered by the authorities
 - iv. Committed to supporting development of new host lands
 - v. Committed to Livelihood Restoration Programs
 - vi. Committed to Community Development Programs
 - vii. Committed to maximisation of local procurement and employment, with support for training. We plan over 1000 local jobs by the end of 2019.

4. **Risk Management;** The QCA Code states that the board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver the Company's strategy.

- a. Whilst the Board is ultimately responsible for identifying and managing areas of significant business risk, it has established an Audit and Financial Risk Committee that ensures effective Risk Management systems are in place that identify and manage key Company risks, establish and maintain effective controls, and ensure compliance with risk management policies and the reporting of any non-compliance occurrences.
- b. The Company's risk management systems have identified the following key risks as applicable to KEFI and appropriate mitigation controls are in place:

- i. Exploration Risks
- ii. Political Risks in Ethiopia and Saudi Arabia
- iii. Community Relations
- iv. Retention of Key Personnel
- v. Project completion risk at Tulu Kapi
- vi. Partner Risk
- vii. Financing Risks
- viii. Gold price Risk
- ix. Further details of these risks and measures taken to mitigate and control them can be found in KEFI's [Annual Report for the year ended 31 December 2017](#).

5. Well-functioning Board of Directors; The QCA Code states that the board must be maintained as a well-functioning, balanced team led by the Chair. The board should have an appropriate balance between executive and non-executive directors and have at least two independent non-executive directors. Resumes of the KEFI directors are available on Company website <https://www.kefi-minerals.com/board-of-directors>

- a) As at the date of this statement KEFI's board composition complies with the QCA Code and each independent director has been assessed and is considered to be independent by the board.
- b) All directors are expected to devote the necessary time commitments required by their position and are expected to attend at least 6 board meetings each year. The board meets at least 6 times per annum. The Company will report annually on the number of Board and Committee meetings held during the year and the attendance record of individual Directors. To date, in the current financial year, the Directors have a 100% record of attendance at such meetings.
- c) The Board has agreed that appointments to the Board should be made by the Board as a whole and so KEFI has not created a Nominations Committee.

6. Appropriate Skills and Experience of the Directors; The QCA Code states that the board must have an appropriate balance of skills and experience and not be dominated by one person or group of people.

- a) KEFI complies with the QCA Code and full biographical details of the directors and their skills and experience can be found at [insert web page link]. The Directors who have been appointed to the Company have been chosen because of the range of skills and experience they offer and which are appropriate for the strategy and objectives for the company. In appointing new Directors, the Board has agreed that appointments are made by the Board as a whole and has not created a Nominations Committee. The Board recognises that it currently has a

limited diversity and this will form a part of any future recruitment consideration.

- b) The Board has employed the professional services of MSP Secretaries Limited to act as the Company Secretary.

7. Evaluating Board Performance; The QCA Code states that the board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and individual directors.

- a. KEFI reviews Board, Committee and individual director performance on an on-going basis in the context of its contribution to the Company's financial performance and the Board will be undertaking a formal internal board evaluation process in the current financial year that will be led by the Chairman. A summary of this evaluation exercise together with its results and recommendations will be included in KEFI's annual report and accounts.
- The Remuneration Committee will compare the performance of the Board with the requirements of its Charter and the company vision and KPI's;
 - Critically reviews the mix of the Board; and
 - The review will entail, inter alia;
 - The evaluation of the Board shall be carried out annually and on a three-yearly cycle the evaluations may be facilitated by an independent evaluator.
 - The internal reviews will generally include a questionnaire completed by each Board member.
 - The Chairperson will normally take leadership of this process and allows for feedback from other Board members about their performance.
 - But use may be made of an independent facilitator
 - The Chairman will collate the feedback in a report and facilitates discussion on its contents.
 - The areas to be covered in the Review Process, include:
 - Board's mission and goals;
 - Board composition and effectiveness
 - Performance against Strategic Plan;
 - Board s protocols and processes;
 - Relationships with Stakeholders – the CEO, membership, clients and funding bodies; and
 - Continuous professional learning of Board Members.
- b. Succession planning is considered by the Board as a whole.
- The Board will annually review and make recommendations relating to talent management and succession planning for Board and the managing director.

8. Corporate Culture; The QCA Code states that the board should promote a corporate culture that is based on ethical values and behaviours.

It is the Board's view that KEFI's corporate culture is consistent with its objectives, strategy and business model and a good example of this is how Principle 3 of the QCA Code (Wider Stakeholder and Social Responsibilities) has been adopted by KEFI. The Board has the means to determine that ethical values and behaviours are recognised and respected via the senior management team ("Excom") to whom local country management reports. The Excom currently comprises Harry Anagnostaras-Adams (Managing Director), John Leach (Finance Director) and three members of International Mining Performance: David Munro as Head of Operations, Eddy Solbrandt as Head of Systems and Brian Hosking as Head of Human Resources and Technical Planning. The board of KEFI also adheres to KEFI's Corporate Governance policies that cover, for example, ethical behaviour, anti-corruption and anti-bribery as well as a whistle-blowing policy. The Board is also aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients 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.

9. **Maintenance of Governance Structures and Processes;** The QCA Code states the Company should maintain governance structures and process in line with its corporate culture and appropriate to its size and complexity.

a. Board of Directors – KEFI's key strategic, financial and operational decisions are reserved exclusively for the decision of the Board. The Board tries to meet monthly and is supplied with appropriate and timely information. The Directors are free to seek any further information they consider necessary. All Directors have access to advice from the MSP Secretaries Limited and independent professionals at the Group's expense. Training is available for new Directors and other Directors as necessary. The directors' biographies can be found [here](#). A copy of the formal Matters Reserved for the Board, the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits can be found the [KEFI Board Charter and Terms of Reference](#).

b. Audit and Financial Risk Committee – KEFI's Audit and Financial Risk Committee is responsible for ensuring that the financial performance of the Company is properly monitored and reported on and in this capacity interacts as needed with the Company's External Auditors. The Committee also considers risk management and internal financial controls. The Audit and Financial Risk Committee comprises

two Non-Executive Directors: Mark Wellesley-Wood (Chairman) and Mark Tyler. The Finance Director is invited and attends the audit committee meetings to provide his skills and knowledge in audit committee matters. The formal Terms of Reference for the Audit and Financial Risk Committee can be found [here](#).

c. Remuneration Committee – KEFI's Remuneration Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives. It comprises two Non-Executive Directors: Mark Wellesley-Wood (Chairman), and Norman Ling. The formal Terms of Reference for the Remuneration Committee can be found [here](#).

d. Nominations Committee – given the size and complexity of KEFI the Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

10. **Shareholder Communication;** The QCA Code states a healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. Details of all shareholder communications are provided on the Group's website. The Board holds meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with all shareholders via an open question and answer session on the [website](#), including presentations on current business that are subsequently made available on the [website](#). The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

KEFI Minerals is committed to providing full and transparent disclosure of its activities, via the RNS system of the London Stock Exchange. KEFI also releases the Company's Quarterly Operations Report. Furthermore the historical annual reports and interim accounts are available on the [website](#).

Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company will include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

The outcomes of all votes will be disclosed in a clear and transparent manner such as this [announcement](#).

Mark Wellesley-Wood
Non-Executive Chairman
August 2018