

## **Corporate Governance**

The Chairman of the Board of Directors of Oriole Resources PLC ('Oriole' or 'the Company' or 'the Group' or 'we/our') has a responsibility to ensure that Oriole has a sound corporate governance policy and an effective Board.

The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-quoted companies to adopt and comply with a recognised corporate governance code. The QCA code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing effective management with regular and timely communication to shareholders. This report follows the structure of those principles and explains how we have applied the guidance as well as disclosing any areas of non-compliance.

We will provide annual updates on our compliance with the QCA Corporate Governance Code. The Company notes that it does not comply with the QCA Corporate Governance Code as no Audit Committee Report has been prepared in this Annual Report. The Board has assessed that, having regard to the nature and current stage of development of the Company and its projects this is not currently required for the Company to maintain its corporate governance and will continue to review this in the future. The sections below set out how the Group applies the ten principles of the QCA code and sets out areas of non-compliance.

There have been no significant governance changes during the year.

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

The Company is a gold and base metals exploration specialist, with operations in Africa and Turkey. Our goal is to deliver long term value for our shareholders. We aim to do this by identifying good quality grassroots and early-stage exploration projects. Consequently we:

- use our expertise to identify those areas with economically feasible deposits,
- assess the business environment of the target country and its attractiveness for prospecting and eventual mining operation,
- understand existing interests in a licence area in order to ensure we can earn-in to existing interests on terms favourable to our shareholders.

Early stage mineral exploration is by its nature speculative and we aim to reduce the risks inherent in the industry by careful application of funds throughout individual projects. We do that by:

- Reviewing existing exploration data;
- Establishing close in-country partnerships for our projects;
- Applying the most appropriate cost-effective exploration techniques in order to determine whether further work, using increasingly expensive exploration techniques, is justified; and
- Appreciating the likely realisation routes that will be available to us as the project moves towards development.

### *Principle 2: Seek to understand and meet shareholder needs and expectations*

The Company is committed to engaging with its shareholders to ensure that its strategy, operational results and financial performance are clearly understood. We engage with our shareholders via roadshows, attending investor conferences and through our regular reporting on the London Stock Exchange. Roadshows are typically timed to follow the release of interim and final results. The Company regularly takes part in investor conferences, both in the UK and internationally. LSE announcements include details of the website, Twitter page and include phone numbers to contact the Company and its professional advisors.

#### *Private shareholders*

The AGM is the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. All Directors attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are announced via the London Stock Exchange. In addition, the Executive Directors regularly attend investor forums specific to the mining industry and engage with shareholders at those events. Investors can contact us via our website (<https://www.orioleresources.com>) or by email ([info@orioleresources.co.uk](mailto:info@orioleresources.co.uk)).

Retail shareholders also regularly attend investor evenings held by our brokers or other industry bodies and we publicise our attendance via LSE announcements and Twitter. In addition, our up to date Corporate presentation is made available on our website.

#### *Institutional shareholders*

The Directors actively seek to build a relationship with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive Officer and Chief Financial Officer. The Chief Executive Officer and Chief Financial Officer make presentations to institutional shareholders and analysts throughout the year, mainly in London and Cape Town through events such as Mines and Money and 121 Group. We also have ad-hoc meetings with our shareholders via conference call and email. The Board as a whole is kept informed of the views and concerns of major shareholders by the Chief Executive Officer. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Chairman and Non-Executive Director are available to meet with major shareholders if required to discuss issues of importance to them and are considered to be Independent from the executive management of the Company.

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

Aside from our shareholders, our most important stakeholder groups are our employees, local partners and those local communities that may be impacted by our exploration activities. The Board is regularly updated on stakeholder issues and their potential impact on our business to enable the Board to understand and consider these issues in decision-making. The Board understands that maintaining the support of all its stakeholders is paramount for the long-term success of the Company.

#### *Employees*

We maintain only a small permanent staff across the UK, Africa and Turkey and as such employee engagement with the Executive Directors is frequent with a scheduled weekly team call as well as daily meetings and discussions. We aim to provide an environment which will attract, retain and motivate our team and monitor the effectiveness by regular one-on-one discussions and a recently introduced annual appraisal system. We have an employee handbook in order to provide a comprehensive document detailing all the policies and procedures covering all aspects of employment with Oriole Resources PLC. Our key value underpinning the Employee Handbook is to treat all employees fairly and equally and to promote ethical behaviour, diversity and non-discrimination.

Relevant, cost-effective training courses are available to all employees and are discussed during the bi-annual appraisal process.

#### *Local partners and communities*

Our operations provide employment in remote areas of developing countries. Essential to our success is the establishment of close working relationships with local partners. We seek local partners who have a good understanding of the local exploration and mining industry and regulations within their country, and with the capacity and capability to assist with the management and maintenance of the project.

We are mindful of our obligations to the local environment and operate to high levels of health and safety in respect of both our local workers and the local community. Employee training focuses on operating safely and considerately in these communities. Engagement with local communities is dependent on jurisdiction and the stage of exploration but is typically by public forum or with local or regional leaders, including site visits and workshops. Social projects in the local communities are dependent on local need and also the stage of exploration/level of project investment. Examples of our previous social projects include drilling new boreholes for drinking water, provision of medical clinics, supply of equipment to a local school and building a new road. As projects move forward, towards potential mining activities, we seek to bring in partners who can credibly make the investments to move towards mine production. In doing so we have regard for their ability and desire to move projects forward, their industry reputation and their commitment to treating the local communities fairly and protecting the environment. We enter agreements that allow us to monitor their activities and have monthly updates on project progress.

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

#### *Audit, risk and internal control*

##### *Financial controls*

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board. The key financial controls are:

- The Board is responsible for reviewing and approving overall Company strategy, approving new exploration projects and budgets, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board;

- The Audit Committee, comprising the two Non-executive Directors, assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls;
- Regular budgeting and forecasting is performed to monitor the Company's ongoing cash requirements and cash flow forecasts are circulated to the Board on a monthly basis;
- Actual results are reported against budget and prior year and are circulated to the Board;
- The Company has an investment appraisal system that considers expected costs against a range of potential outcomes arising from the exploration opportunities that we are invited to participate in;
- Regular reviews of exploration results are performed as the basis for decisions regarding future expenditure commitment;
- Due to the international nature of the business there are, at times, significant foreign exchange rate movement exposures. Cash flow forecasting is done at the 'required currency' level and foreign currency balances are maintained to meet expected requirements; and
- For exploration projects, we manage the risk of failure to find economic deposits by low cost early stage exploration techniques, with detailed analysis of results. Moving projects to more expensive exploration techniques requires a rigorous review of results data prior to deciding whether to proceed with further work.

#### *Non-financial controls*

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors;
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks; and
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group reviews at least annually the effectiveness of its system of internal control, whilst also having regard to its size and the resources available. As part of the Group's plans we continue to review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, and corporate social responsibility. All employees are aware of their obligations under anti-bribery and corruption legislation and detailed information is provided in the Employee Handbook. In addition, whistle-blowing procedures have been established and publicised to all employees.

#### *Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair*

The Board comprises the Non-Executive Chairman, two Executive Directors and one Non-Executive Director. All current Directors were appointed during 2018 as part of a full Board refresh. John McGloin serves as Independent Non-Executive Chairman and David Pelham as an independent Non-Executive Director. Both Non-executive Directors have extensive experience in the mining industry, are qualified geologists and have considerable experience of serving on the Board of public companies. Given the current board structure, the Company has not designated a Senior Independent Director.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company and industry on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Board aim to meet at least monthly. The agenda is set by the Company Secretary in consultation with the Chairman and CEO. The standard agenda points include:

- Review of previous meeting minutes and actions arising there from;
- A report by the CEO covering all operational matters;
- A report from the CFO covering all financial matters;
- Any other business including update of Register of Conflicts.

#### *Directors' conflict of interest*

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. A Register of Conflicts is maintained and is a standard agenda item at each Board Meeting. The Board has access to the Company's nominated adviser, its brokers and its lawyers. The advisers do not typically provide materials for Board meetings except if requested to do so for the purposes of discussing upcoming regulations and other issues.

Board meetings are deemed quorate if two Board members are present and providing 7 days' notice of such meeting has been given and waived by the non-attending Directors.

Directors and Officers Liability insurance is maintained for all Directors and key employees.

The table below sets out the attendance statistics for all current Board members through 2019:

	Meetings attended	Meetings held during the year
Tim Livesey	10	10
Bob Smeeton	10	10
John McGloin	10	10
David Pelham	10	10

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, particularly so in the area of gold and base metal exploration and development. Biographies of the Directors are available on the company website, [orioleresources.com](http://orioleresources.com). All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings by the Company Secretary. Contracts are available for inspection at the Company's registered office and at the Annual General Meeting ("AGM").

New Directors are selected having regards to the Company's needs for a balance of operational, industry, legal and financial skills. Experience of the Mining industry and in particular the exploration sector is important but not critical, as is experience of running a public company.

In accordance with the Company's Articles of Association, only the Non-executive Directors are subject to the requirement to retire by rotation.

*Appointment, removal and re-election of Directors*

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Non-executive Directors must stand for re-election by shareholders annually in rotation and that any new Directors appointed during the year must stand for re-election at the AGM immediately following their appointment.

*Independent advice*

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense from lawyers, the nominated adviser, brokers and other professional advisors that they deem relevant. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer, who, due to the size of the Company, are currently the same individual.

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

During 2018 the Board of Directors was fully refreshed. During 2019 the Board has adopted a policy to evaluate the Board's performance based on clear and relevant objectives, seeking continuous improvement. The clear and relevant objectives that the Board has identified are as follows:

- suitability of experience and input to the Board;
- attendance at Board and committee meetings; and
- interaction with management in relevant areas of expertise to ensure insightful input into the Company's business.

The Board will review on a regular basis the effectiveness of its performances as a unit, as well as that of its committees and the individual directors, based against the criteria set out above. The board performance review will be carried out internally from time to time, and at least annually. The review should identify development or mentoring needs of individual directors or the wider senior management team. As part of the performance review, the Board will consider whether the membership of the Board should be refreshed. The review will also identify any succession planning issues and put in place processes to provide for succession planning.

*Principle 8: Promote a culture that is based on ethical values and behaviours*

The Board aims to lead by example and do what is in the best interests of the Company. We operate in remote and under-developed areas and ensure our employees understand their obligations towards the environment and in respect of anti-bribery and corruption.

Details of the Company's values are set out in the Employee Handbook that was published to all employees during 2018. This document brings together various policies that have been distributed to all employees previously. Regular calls and meetings serve to refresh and re-iterate the Company's ethical standards as they apply to the operational issues that are discussed on that call.

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

*Board programme*

The Board aims to meet monthly and as and when required. The Board sets direction for the Company through a formal schedule of matters reserved for its decision. During the year to December 2019 the Board met for ten scheduled meetings. The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting and Board and Committee papers are distributed by the Company Secretary several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and are then followed up by the Company's management.

*Roles of the Board, Chairman and Chief Executive Officer*

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of exploration projects; approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction.

The CEO is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company. The CEO, together with the CFO and other senior employees, is responsible for establishing and enforcing systems and controls, and liaison with external advisors. The CEO has responsibility for communicating with shareholders, assisted by the CFO and other senior employees.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level attend Board meetings when deemed appropriate by the CEO or Chairman, to present business updates.

*Board committees*

The Board is supported by the Audit and Remuneration committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The two committees comprise both of the Non-Executive Directors.

The Audit Committee provides a formal review of the effectiveness of the internal control systems, the Group's financial reports and results announcements and the external audit process. The Committee meets twice per year to review the published financial information and to meet with the Auditors.

The Remuneration Committee provides a formal and transparent review of the remuneration of the Executive Directors and senior employees and makes recommendations to the Board on individual remuneration packages. The Committee met once during the year.

Notable work undertaken during 2019 by the Audit Committee included meeting with the Company's independent auditor in connection with the audit of the Group financial statements for the year ended 31 December 2018, and it was noted that there were no material matters arising. The Audit Committee has not provided a separate report on its activities.

The Remuneration Committee has produced a report on its activities as set out on page 23.

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

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year results announcements, the AGM and one-to-one meetings with large existing or potential new shareholders. The Company regularly posts LSE announcements covering operational and corporate matters, such as drilling results and significant changes in ownership positions across historic projects in which it still retains an investment. A range of corporate information (including all Company announcements and a corporate presentation) is also available to shareholders, investors and the public on the Company's corporate website, [www.orioleresources.com](http://www.orioleresources.com) and also on its Twitter feed @OrioleResources.

The Board receives regular updates on the views of shareholders through briefings and reports from Investor Relations, the CEO, CFO and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

This Strategic Report was approved by the Board of Directors on 23 March 2020.

Tim Livesey  
Chief Executive Officer