

**ANGLO ASIAN MINING PLC (“Anglo Asian” or the “Company”)  
COMPLIANCE WITH QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE  
27 September 2018**

From 28 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 board of directors of the Company (the “Board”) 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.

In ensuring good corporate governance, the Company has adopted the Quoted Companies Alliance Corporate Governance Code (the “Code”).

The ten principles of the Code and the Company’s compliance with each principle are as follows:

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

The Company has a portfolio of gold, copper and silver exploration and production assets in Azerbaijan. The Company’s key operations span three contract areas in Azerbaijan covering 1,062 square kilometres. The Company has a clear strategy of growing a sustainable mining business in Azerbaijan.

**2. Seek to understand and meet shareholders needs and expectations**

The Board maintains an extensive two-way dialogue with its shareholders. The Board meets shareholders at its annual general meeting each year. Directors and senior management regularly meet shareholders at investor events and other forums. Individual meetings are held with larger shareholders who occasionally visit the Company’s operations in Azerbaijan. The Company also regularly updates shareholders on its activities through press releases via the LSE RNS system. Podcasts and video interviews by senior management are also disseminated via well-known investor web-sites such as Proactive and Vox. The Company has an active and effective investor relations programme that includes institutional road-shows and presentations.

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

The Company takes its wider responsibilities for corporate and social responsibilities very seriously and has contributed to the economic and social development of the local communities in which it operates. This includes refurbishing schools and building infrastructure in the region and assisting local agriculture. The Company regularly meets with community leaders in the areas in which it operates. In addition, the Company uses the annual report and financial statements, the interim

statements and its website ([www.angloasianmining.com](http://www.angloasianmining.com)) to provide further information to shareholders and wider stakeholders.

**4. Embed effective risk management, considering both opportunities and threat throughout the organization**

The Company has an established framework of internal financial controls including an audit committee. The Company does not have a formal corporate risk management programme for non-financial risks although the Board regularly discuss and review exposure and management of all risks. The requirement for a formal risk management programme is kept under review and the Company may reassess the need to establish such a programme at a later stage.

The principal risks and uncertainties section of the annual report details a number of other risks which the Company is subject to and how these are addressed. In particular:

- a. Country risk;
- b. Operational risks;
- c. Commodity price risk;
- d. Foreign currency risk;
- e. Liquidity and interest rate risk;

One of the main corporate risks is the safe operation of its mines and processing operations. To address this specific risk, the Company has a well-developed and adequately staffed Health, Safety and Environment (“HSE”) department to ensure safe and clean working at its mines and processing sites. The Company also has a Health, Safety, environment and Technology committee chaired by John Monhemius which oversees the management of all HSE activities.

**5. Maintain the board as a well-functioning, balanced team led by the chair.**

The Board is a well-balanced team including specialists of the major technical disciplines required in the mining business. Their names and biographies are set out in the Company’s latest annual report and on its web-site. Three of the five directors, being Mr Khosrow Zamani, Mr Richard Round and Professor John Monhemius are independent. As at the date of this statement Anglo Asian’s board composition complies with the QCA Code and each independent director has been assessed and is considered to be independent by the Board. The biographies of Board members of the Company are available on the Company’s website below:

[http://www.angloasianmining.com/about\\_us/board\\_of\\_directors/](http://www.angloasianmining.com/about_us/board_of_directors/)

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 Company will report annually on the number of Board and Committee meetings held during the year and the attendance record of individual directors.

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

The directors are all highly experienced with a total over 200 years of experience in all areas of business. All directors are able to seek outside advice wherever necessary. An independent Company secretary is also employed from a professional services firm. The Board has a nominations committee which reviews and considers the Board structure and composition. The nominations committee meets as required to consider and make recommendations on the appointment of directors to the Board and senior management as well as recommendations in relation to professional training and development. The biographies of the directors can be found on the Company's website:

[http://www.angloasianmining.com/about\\_us/board\\_of\\_directors](http://www.angloasianmining.com/about_us/board_of_directors)

**7. Evaluate board performance on clear and relevant objectives seeking continuous improvements**

The Board believes their clear objective is the financial performance of the business whilst closely ensuring the interests of all other stakeholders are properly upheld. The financial performance of the business is closely monitored. The Company 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.

The Chairperson will normally take leadership of the performance assessment process and allows for feedback from other Board members about their performance. Internal reviews will generally include a questionnaire completed by each Board member.

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

The Company operates to the highest ethical standards. The Board is very mindful that it operates in the extractive industries in an emerging market economy. Accordingly, the Board takes every opportunity, including the induction process of senior management, to reinforce its high ethical standards. 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 behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives.

The corporate and social responsibility section of the annual report provides further information in relation to the Company's commitment to ethical values and behaviours. The annual report can be found on the website:

[http://www.angloasianmining.com/investors/shareholder\\_info/reports\\_and\\_accounts/](http://www.angloasianmining.com/investors/shareholder_info/reports_and_accounts/)

**9. Maintain Governance structures and processes that are fit for purpose and support good decision making by the board**

The Governance structures are appropriate for a company of its size and all necessary committees such as audit and remuneration regularly meet. The Board also meets regularly and continuously maintain an informal dialogue between themselves.

The Board has an audit committee which comprises Richard Round and John Sununu which meets at least twice a year. The external auditor attends the meeting which approves the annual report and accounts and the chief executive and the chief financial officer are invited. It is the audit committee's role to provide formal and transparent arrangements for considering how to apply the financial reporting and internal control requirements of the Code, whilst maintaining an appropriate relationship with the independent auditor of the Group.

The Board has a remuneration committee which comprises Khosrow Zamani and John Sununu and which meets as required. It is the remuneration committee's role to establish a formal and transparent policy on executive remuneration and to set remuneration packages for individual directors.

The Board has a nomination committee which comprises Khosrow Zamani and John Sununu. It is the role of the nomination committee to review and consider the Board structure and composition and it meets as required to consider and make recommendations on the appointment of directors to the Board.

The Board has a health, safety, environment and technology committee which comprises John Monhemius and Reza Vaziri and meets as required. The committee's primary function is to assist the Board in fulfilling its oversight responsibilities in the following areas:

- health, safety, environmental and technological issues relating to the Company;
- the Company's compliance with corporate policies that provide processes, procedures and standards to follow in accomplishing the Company's goals and objectives relating to health, safety and environmental issues, to ensure that the Company's operations and work practices comply as far as is practicable with the best international standards; and
- the management of risk related to health, safety, environmental and technological issues.

The duties and terms of reference of the committees are set out in the Corporate Governance section of the Company's annual report.

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

The Company maintains an adequate dialogue with its shareholders as set out in Section 2 of this Document. Anglo Asian is committed to providing full and transparent disclosure of its activities, via

the RNS system of the London Stock Exchange. Furthermore the historical annual reports and interim accounts are available on the website: <http://www.angloasianmining.com>

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, including presentations on current business that are subsequently made available on the website.

There is a formal process of maintaining the relationship between the Company and the Government of Azerbaijan led by the Company's Vice President for Government affairs who regularly meets Government officials.