



## **CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT**

### **Overview**

As Chairman of the Board of Directors of Beowulf Mining plc (**Beowulf, We,** or the **Company/Group** as the context requires), it is my responsibility to ensure that Beowulf has both sound corporate governance and an effective Board. As Chairman of Beowulf, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner.

Beowulf has decided to adopt the Quoted Companies Alliance Corporate Governance (**QCA Code**) in line with the London Stock Exchange's recent changes to the AIM Rules, requiring all AIM-listed companies to adopt and comply or explain non-compliance with a recognised corporate governance code. This report follows the structure of these guidelines and explains how we have applied the guidance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below.

Beowulf understands that application of the QCA Code supports the Company's medium to long-term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders. Beowulf is committed to monitoring and promoting a socially responsible corporate culture, illustrated through its internal policies, as well as external stakeholder engagement.

During the year, the Company decided to adopt the QCA Code and save this there have been no other changes to the Company's governance arrangements.

### **QCA Principles**

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

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through project development, delivering production and generating cash flow, whilst remaining opportunistic for mergers and acquisitions. The principal activities of Beowulf are the exploration and development for iron ore, graphite and other prospective minerals in the Nordic Region. Beowulf is developing a high-quality asset base, which is diversified by geography and commodity, enabling it to simultaneously advance several projects up the mining value curve, thus creating value for investors.

Future developments to provide for long-term growth are outlined on page 4 of the 2018 Annual Report. <https://beowulfmining.com/investors/reports-presentations/>

The Company intends to deliver shareholder returns through capital appreciation [and distribution via dividends]. Challenges to delivering strategy, long-term goals and generating cash flow are uncertainty in relation to obtaining permits to mine, long term adverse changes in commodity prices and not discovering an economic mineral deposit, all of which are outlined on page 26 of the 2018

Annual Report and in the Risk Management section below, as well as steps the Board takes to protect the Company, mitigate these risks and secure a long-term future for the Company.

## **2. Seek to understand and meet shareholder needs and expectations**

Beowulf places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. The Company seeks to provide effective communication through Interim and Annual Reports, along with Regulatory News Service announcements and trading updates on the Company website, [www.beowulfmining.com](http://www.beowulfmining.com). Shareholders can also sign up to receive news releases directly from Beowulf by email.

Beowulf also maintains a dialogue with shareholders through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance. The Company is open to receiving feedback from key stakeholders, and will take action where appropriate. Their key contact for shareholder liaison is the CEO, Kurt Budge.

Information on the Investor Relations section of the Group's website ([www.beowulfmining.com](http://www.beowulfmining.com)) is kept updated and contains details of relevant developments, presentations and other key information.

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

The Board recognises that the long-term success of the Company is reliant upon the efforts of staff, regulators, the community and local and regional stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company prepares an annual strategic plan and detailed budget which takes into account a wide range of key resources including consultants.

All employees within the Group are valued members of the team, and the Company seeks to implement provisions to retain and incentivise its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Company has a Whistle Blower Policy in place in order to discourage illegal activity and unethical business conduct in the Company, thus ensuring its employees are protected.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. The Company supports research by the Luleå University of Technology which explores the concept of Social Licence to Operate, mining best practice, engagement with local people and natural resource development illustrating Beowulf's commitment to its social responsibility and positive corporate culture. In 2017, the Company published a 'Big Picture' economic development study which demonstrates the Company's development philosophy of partnership, and positive socio-economic findings of its latest large project, Kallak, again illustrating the Company's ability to take into account wider stakeholder responsibilities locally and regionally.

The Company works closely with the communities in which it operates, sharing its plans and ideas for the projects being developed, and listening to any concerns and addressing any issues raised.

Beowulf remains firmly committed to the responsible development of a modern, sustainable and innovative mining operation in partnership with the local community

#### 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms. The 2018 Annual Report also outlines the key risks to the business, see page 25.

The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of Beowulf's principal risks. The Audit Committee has delegated responsibility to ensure that the Company's management has designed and implemented an effective system of internal financial controls and to review and report on the integrity of the consolidated financial statements of the Company and related financial information.

The Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence and effectiveness of the auditors and the audit. [he Board reviews the mechanisms of internal control and risk management it has implemented on a quarterly basis and assesses both for effectiveness. Through this process the Board can determine if the risk exposure has changed during the year, and these disclosures are included in the Annual Report.

The risk assessment matrix below sets out and categorises key risks, and outlines the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them, and the Board reviews risks on a regular basis. The following principal risks and mitigating actions have been identified:

Activity	Risk	Impact	Mitigating actions
Operational risks	Not obtaining Exploitation Concessions	The Company does not meet the requirements of the prescribed process for an Exploitation Concession for Kallkak and therefore is unable to move forward with projects	In July 2015, the CAB supported the Company's Kallkak application, and in October 2015 the Mining Inspectorate recommended that the concession be awarded. The CAB's latest statement contradicts its July 2015 position. In the Company's opinion, the CAB has failed to use the socio-economic assessment criteria set out in the Environmental Code, which put emphasis on safeguarding investment and job creation, and giving consideration for the municipalities' financial health. It is the Board's opinion that the Company has fully met the requirements of the prescribed application process, Swedish Minerals Act and Environmental Code.
Operational	Not discovering an economic	Very few projects go through to be	Early studies and testwork give confidence that the Company is

Risks	mineral deposit	developed into mines	allocating capital appropriately. In current projects the Company has potential quality resources, benefitted by excellent local infrastructure, and established low-risk mining countries
Operational Risks	Revocation of licences	Licences are subject to conditions which, if not satisfied, may lead to the revocation of the licence thus halting the Company's project	The Company diligently manages its licences to ensure full compliance. A monthly status report is generated for monitoring purposes and action.
Financial Risks	Unable to raise sufficient funds	Unable to raise sufficient funds to invest in project portfolio and cover corporate costs	Effectively communicate to the market. Raise capital in a timely manner, as record of accomplishment shows. Ensure forecasting is accurate, and expenditure controls are in place to optimise cash resources.
Financial Risks	Adverse changes in commodity prices	Prices for iron ore, graphite, and other commodities may affect the viability of the Company's projects	The Company identifies and invests in high quality projects that are attractive to the market. The Company will manage capital and operating expenditures to maximise shareholder returns.

An internal audit function is not yet considered necessary as day to day control is sufficiently exercised by the Executive Director. However, the Board will continue to monitor the need for an internal audit function.

## 5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises of the CEO, Kurt Budge, and two Independent Non-Executives, Göran Färm, and Christopher Davies. Göran Färm is the Company's Chair.

Meetings are open and constructive, with every Director participating fully. Senior management can also be invited to meetings, providing the Board with a thorough overview of the Company. The Board aims to meet at least 7 times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board Pack, and circulated with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings.

The Company has Audit and Remuneration Committees. The Board will review the need for a Nominations Committee as the Company evolves and one will be established if, and when, it is

considered appropriate. The Committees have the necessary skills and knowledge to discharge their duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee at least one week before the meeting.

The Directors of the Company are committed to sound governance of the business and each devotes sufficient time to ensure this happens. The Board have met six times since January 2018 and have had one Audit Committee meeting; all relevant Board and Committee members have been present in the meetings.

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

#### 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.

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

The Non-Executive Directors have both a breadth and depth of skills and experience, enabling them to provide the necessary guidance, oversight and advice to operate the Board effectively. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of commercial, professional and technical skills. The Board assesses the experience, knowledge and expertise of potential Directors before any appointment is made and adheres to the principle of establishing a Board comprising Directors with a blend of skills, experience and attributes appropriate to the Group and its business. The main criterion for the appointment of Directors is an ability to add value to the Group and its business.

Biographical details of the Directors can be found here: <https://beowulfmining.com/about-us/board-management/>

Liam O'Donoghue of ONE Advisory Limited has been contracted by the Company to act as Beowulf's Company Secretary. He has been given the responsibility for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. ONE Advisory Limited provides Board support through assistance with Board and shareholder meetings and MAR compliance. [If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific projects, workshops or meetings, in line with their individual areas of expertise and ability to contribute.

The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal. Göran Färm has recently attended a seminar on the

analysis of economic growth, specifically in relation to mining companies, illustrating the Directors' commitment to keeping their skillsets up to date.

The Board will seek to take into account any Board imbalances for future nominations, with areas taken into account being gender balance.

#### **7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would be greatly for the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it intends to expand the Board and, with the Board expansion, re-consider the need for Board evaluation.

Succession planning recommendations are made by the Board as a whole, and all Directors submit themselves for re-election at the AGM at regular intervals.

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

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is 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. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon an open and respectful dialogue with staff, the community, consultants 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. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. An example of this is the Company's Whistle Blower Policy, aimed to prevent illegal activity and unethical business conduct through encouraging Directors, officers and employees (including contract employees and consultants) to report any wrongdoing or suspected violations. The Company also has an Anti-Bribery Policy in place to ensure the highest standards of personal and professional ethical behaviour are adhered to.

The Company has adopted a new Share Dealing Policy which is intended to assist the Company and its staff in complying with their obligations under the Market Abuse Regulation which came into effect in 2016. The Policy addresses the share dealing restrictions set out in MAR and reflects the requirements for a securities dealing policy set out in the AIM Rules.

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

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. We review our corporate governance arrangements regularly and expect to evolve these over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, and includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's strategies and policies and for the day-to-day management of the business. The CEO for Beowulf is also the key contact for shareholder liaison and all other stakeholders. He is responsible for the general day-to-day running of the business and developing corporate strategy while the two Independent Non-Executives are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

Whilst the Board has not formally adopted appropriate delegations of authority setting out matters reserved to the Board, there is effectively no decision of any consequence made other than by the Directors. All Directors participate in the key areas of decision-making, including the following matters:

- The Group's strategy and vision;
- Interim and full year financial statements and reports;
- Investments or disposals;
- Corporate governance; and
- Appointment of new Directors

The matters reserved for the Board are reviewed annually, and any items not included within the policy (such as responsibility for implementing the Board's strategy and day to-day management of the business) are delegated to the management team.

The Board delegates authority to two Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings.

#### Audit Committee

The Audit Committee has two members, Göran Färm (Chair) and Christopher Davies. The overall purpose of the Audit Committee is:

- (1) To ensure that the Company's management has designed and implemented an effective system of internal financial controls;
- (2) To review and report on the integrity of the consolidated financial statements of the Company and related financial information; and
- (3) To review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence and effectiveness of the auditors and the audit. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company's business, operations and risks. The Audit Committee meets approximately four times a year.

### Remuneration Committee

The Remuneration Committee has two members, Göran Färm (Chair) and Christopher Davies. The Remuneration Committee's role is to assist the Board of Directors to discharge its responsibilities in relation to remuneration of the Company's Directors [and senior executives, including share and benefit plans and make recommendations as and when it considers it appropriate, taking necessary expert advice to benchmark remuneration levels with those of comparable companies. The Remuneration Committee meets as and when required.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development. The Board has not established a Nominations Committee as the Board considers that a separately established committee is not yet necessary, as its functions and responsibilities can be adequately and efficiently discharged by the Board as a whole. The Board will review the need for a Nominations Committee as the Company evolves and one will be established if, and when, it is considered appropriate

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

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well as shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. All 2019 AGM resolutions passed comfortably. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The latest Corporate Documents can be found here:

<https://beowulfmining.com/investors/corporate-documentation/>

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Göran Färm

Non-Executive Chairman

30 May 2019