

## **ERRIS RESOURCES 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 Erris Resources plc's ("Erris" 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 AIM rules on 30 March 2018 required AIM companies to apply a recognised corporate governance code from 28 September 2018. Erris has chosen to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (revised in April 2018) to meet the new requirements of AIM Rule 26.

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.

Other than the adoption of the QCA code, there have been no significant changes in governance arrangements during the last year.

The Company's most recent annual report for the financial period ended 31 December 2018 was published on 5 April 2019 and the Company included for the first time the disclosures recommended by the QCA Code. The Company considered it more appropriate to include some of the recommended annual report disclosures in this statement instead of in the annual report.

**Jeremy Martin**  
**Non-executive Chairman**

**Last updated: 27 June 2019**

The following paragraphs set out Erris's compliance with the 10 principles of the QCA Code.

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

### **Strategy**

Erris's business model can best be defined as creating significant shareholder value through the process of discovering new ore deposits. Well-managed exploration success finding commercially viable deposits can create capital value even in a period of weak metal prices. The Directors believe that Erris's business model maximises the chance of making commercial discoveries in an efficient manner, as follows:

**Technically-led team** - The Directors and senior management team have significant exploration experience, with a track record of deposit discovery from first principal through to resource definition, advanced studies, mine development. As well as sourcing the funding required for mining projects via its capital markets expertise and joint venture pedigree.

**Low risk jurisdictions** - The Erris portfolio comprises mineral licences in areas with proven metallogenic potential, an active mining industry, low political risk, and transparent permitting processes. Erris has a zinc-lead-silver-copper project in Ireland and conducts gold exploration in Sweden and Finland. New targets in Europe and potentially further afield are currently being assessed, but only if they meet most or all of the key criteria above.

**Prospective Property Portfolio** - The current portfolio includes the Abbeytown Project, a 15 km trend of discrete lead-zinc-silver prospects, barely explored since the 1980s, newly reinterpreted after several years of fieldwork, systematic data integration and fresh geological thinking. In Sweden, Erris Resources has a portfolio of gold and polymetallic projects in northern Sweden. In Finland, Erris has recently acquired one reservation permit with another application submitted and pending grant of permit. The Company continues to actively manage its license portfolio in prospective jurisdictions and will update the market when any results from new license areas demonstrate the potential for high priority drill targets.

**Dynamic Work Programme** - Erris completed 9,787 metres of diamond drilling across Ireland and Sweden in 2018 and is currently assessing its plans for later in 2019. At the Abbeytown Project in Ireland, a 2,889 metre above ground exploration programme was completed, backed up by a 1,044 metre underground drilling programme.

### **Business Plan**

The Board will continue to run the Group with a low-cost base in order to maximise the amount that is spent on exploration and development as this is where value is best added. To this extent, the corporate office is run on a streamlined basis by a core team, and specialists are employed in Ireland, Sweden and Finland.

The Group historically financed its activities through capital raisings as a private company, the sale of royalties and through its joint venture agreements with established industry players. Erris's public listing has enabled the Group to target a wider pool of investors. The Group will continue to look for new licence areas, new assets and plans to fund these through its historic mix of equity placings and strategic alliances.

### **Key challenges**

As with all exploration stage mining companies, the key challenge to the execution of the business plan is to secure the required funding and to spend those monies in an efficient way as possible. The Company has both the support of a major international mining company in Osisko Gold and its joint venture in Sweden is entirely funded by its joint venture partner Centerra Gold. The Company maintains a tight control on its budgets and reviews spend against budget on a monthly basis. The Directors' extensive experience of mining exploration projects also 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 generate reserves and resources.

The other major challenge is finding suitable projects to expand the Company's portfolio of assets with the emphasis on finding projects that are either brownfield or have a reasonable expectation of "quick to resource" stage of development, as shown in its Abbeytown project. The Company, led by the CEO, is continuously evaluating both projects and companies from an M&A point of view to find new assets.

## 2 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 Chairman, CEO and CFO.

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 each of its projects;
- Annual and Half-Yearly Financial Statements;
- All company press releases issued under the RNS service;
- Details on the results of all resolutions put to a vote at the most recent AGM;
- Contact details including a dedicated email address [info@errisresources.com](mailto:info@errisresources.com) through which investors can contact the company.

The company's Annual General Meeting (AGM) will generally be held in London in May/June following the publication of its annual results and all shareholders are invited to attend. There will be an open question and answer session during which shareholders may ask questions both on the proposed resolutions and the business in general.

### **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 requirements of the relevant legislation. The Company typically holds meetings with institutional investors and other large shareholders following the release of interim and 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.

### **Board review**

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

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

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its shareholders as a whole. The Board also recognises that its operations have wider obligations to the local community and other stakeholders in that area. Our Environmental and Social responsibility framework 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 who set the Company's strategic approach and development of key internal and external corporate policies. These are then delivered by the Senior Management Team ("SMT"), which is comprised of the CEO, CFO and COO. The SMT support the Audit Committee in ensuring compliance with the Company's Code of Conduct, as well as financial compliance and global 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
- Whistleblower Policy

### ***Environmental Responsibility***

The Board also understands that it has a responsibility to take into account, where practicable, the environmental and economic impact of its operations. We maintain a policy to support environmentally-conscious activities.

## **4 Embed effective risk management, 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. The Committee meets at least three times per year to coincide with the annual audit and the interim financial statements and to assess the effectiveness of the Group's system of internal controls. The Audit Committee is chaired by Andrew Partington and comprises only independent non-executive Directors.

### ***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, and 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;
- Documented whistle-blowing policies and procedures.

### Corporate Risk register

The Group's internal risk identification and management process is undertaken by the SMT who 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, as well as mitigating actions, are set out below. While the list is not exhaustive, it is derived from the Group's detailed risk register, which was disclosed in full detail in the Company's 2017 IPO Document and is included on the Company's website. The following risks are those that the Group considers could have the most serious adverse effect on its performance and reputation.

- **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.

- **Risks associated with the Centerra JV Agreement**

Centerra has elected not to further fund exploration of the DPAs at Brännberg, Klippen and Käringberget, but has elected to continue its generative spending with Erris Resources. While the Group will retain 100 per cent. ownership of any DPA that Centerra elects not to fund, it may not have the necessary funds available or be able to generate the necessary funds to further develop the licence areas.

- **Risks associated with the expiration of Prospecting Licences in Ireland and other associated approvals**

The prospecting licences held were granted to Erris Resources over the course of 2013, for a period of six years. Each prospecting licence carries with it certain conditions that must be fulfilled over the term of the licence in order to allow them to continue in force and/or be renewed upon expiry. The licensor may revoke the licences at any time if there are reasonable grounds for doing so, or if the licensee fails to comply with its various obligations under the terms of the licence agreement.

- **Risks associated with the expiration of or failure to obtain Exploration Permits in Sweden and other associated approvals**

An exploration permit under the Swedish Minerals Act is valid for three years from the decision date when it is initially granted. Upon application from the permit holder, the Exploration Permit may be extended up to a maximum validity period of fifteen years. The decision to extend is at the discretion of the Swedish Mining Inspectorate. There can be no guarantee that the Group's Exploration Permits will be extended.

- **Ongoing Capital requirements**

If the Group is unable to raise capital when needed or on suitable terms, the Group could be forced to delay, reduce or eliminate its exploration and development efforts. Furthermore, any additional equity fundraising in the capital markets may be limited due to disruption or uncertainty in the markets or may be dilutive for

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 even when profitable.

- **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

- **Potential Acquisitions**

As part of its business strategy, the Group may make acquisitions of, or significant investments in, complementary companies or prospects. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions including risks associated with operating in foreign jurisdictions.

- **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.

- **Economic risk and world commodity price volatility**

Commodity prices are subject to fluctuations. These fluctuations could adversely affect the Group's operations and financial condition once it commences production.

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

### ***Board Composition***

As at 27 June 2019, the Board comprised two Executive Directors, a Non-Executive Chairman and two other Non-executive Directors. Details of the current Directors are set out in their biographical details on pages 17 to 18 of the annual report for the financial period ended 31 December 2018. 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 – Graham Brown and Jeremy Taylor-Firth. None of these directors have been employees, have a significant business relationship or close family ties with related parties or represent significant shareholders. Whilst each of these directors has received Options under the company's Share Option Scheme, these are non-material in nature and do not compromise their independence.

### ***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.

Whilst the Board has delegated the normal operational management of the Company to the Executive Directors and other senior management, there are detailed specific matters subject to decision by the Board of Directors. These include acquisitions and disposals, joint ventures and investments and projects of a capital nature.

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 senior Executives enjoy open access to the Non-Executive Directors with or without the Chairman being present.

### **Director Commitments**

The two executive Directors, Anton Du Plessis and Cherif Rifaat, are employed on part-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 maximum time commitment 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, one annual Board strategy meeting a year and committee meetings.

### **Board Meetings**

The Board look 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 course of 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 2018 is set out below:

	1st Feb'18	28th Mar'18	17th May'18	26th Jun'18	1st Oct'18	10th Dec'18
Jeremy Martin	✓	✓	✓	✓	✓	✓
Cherif Rifaat	✓	✓	✓	✓	✓	✓
Anton Du Plessis	n/a	n/a	n/a	n/a	✓	✓
Graham Brown	✓	✓	✓	✓	✓	✓
Jeremy Taylor-Firth	✓	✓	✓	✓	✓	✓
Andrew Partington	✓	✓	✓	✓	✓	✓
Merlin Marr-Johnson	✓	✓	✓	✓	n/a	n/a

### **Board Committees**

The Board has delegated specific responsibilities to the Audit and Remuneration Committees, details of which are set out below. 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.

The Board considers that, at this stage in its development, it is not necessary to establish either a formal nominations or corporate governance committee and that these processes shall be carried out by the Board. This decision will be kept under review by the Directors on an on-going basis.

### **AUDIT COMMITTEE**

The Audit Committee will meet at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. The external auditors will attend all meetings and the Audit Committee will have discussions with the external auditors at least once a year without any executive Directors being present. The Audit Committee comprises Jeremy Taylor-Firth as Chairman (in replacement of Andrew Partington who stepped down in February 2019) and Graham Brown.

The Audit Committee has met three times since 31 December 2017 and all members at the relevant time attended all meetings. The Committee has unrestricted access to the Group's Auditor. The CFO attends the Committee meeting by invitation.

The Audit Committee Report is included in the Company's annual report.

## REMUNERATION COMMITTEE

The Remuneration Committee reviews the performance of the executive Directors and sets and reviews the scale and structure of their remuneration, the terms of their service agreements and the granting of share options with due regard to the interests of the Shareholders. In determining the remuneration of executive Directors, the Remuneration Committee seeks to enable the Company to attract and retain executives of high calibre. No director is permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee will meet as and when necessary. The Remuneration Committee comprises Graham Brown as Chairman and Jeremy Martin.

The Remuneration Committee Report is in the Company's annual report.

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

### Board as a whole

The skills and experience of the Board are set out in their biographical details on pages 17 to 18 of the annual report for the financial period ended 31 December 2018. 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 do 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.

Anton du Plessis joined the Board and Merlin Marr-Johnson resigned from the Board during the period to 31 December 2018. Andrew Partington resigned from the Board after the year end .

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*

Jeremy is a founding director of Erris Resources. Mr. Martin holds a degree in mining geology from the Camborne School of Mines, and a MSc. in mineral exploration from the University of Leicester. He has worked in South America, Central America and Europe, where he was responsible for grassroots regional metalliferous exploration programmes through to resources definition and mine development. Jeremy has been involved in the formation of a number of publicly listed mineral resource companies. He is currently Chief Executive of Horizonte Minerals and holds BSc (Hons), MSc, ACSM, MSEG.

#### Anton Du Plessis. *Chief Executive Officer*

Anton has over 20 years' experience in the finance sector. During this time, he has held senior positions at several international investment banks including CIBC (The Canadian Imperial Bank of Commerce), 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 a number of leading global players including AngloGold Ashanti, Rio Tinto and BHP Billiton. Prior to embarking on his investment banking career, Mr du Plessis worked for the Anglo American group in a corporate finance and business development capacity

**Cherif Rifaat.** *Chief Financial Officer*

Cherif is a UK chartered accountant who has 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 Minerals, since it listed on AIM in 2014. Cherif is a graduate from the University of St Andrews, Scotland. He holds MA (Hons) in modern history and has been a member of the ICAEW since 1998.

**Graham Brown.** *Non-Executive Director*

Graham holds a BSc. from the University of Strathclyde, Glasgow. 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. Mr. Brown 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 Mr. Brown 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 programs. 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.

**Jeremy Taylor-Firth.** *Non-Executive Director*

Jeremy has worked in investment management since 1996. He initially worked at Matheson Securities, which was acquired by Prudential-Bache Ltd and subsequently renamed Dryden Wealth Management. In June 2006, he joined Singer & Friedlander Investment Management as an Investment Director. This business was then acquired by Williams de Broe where he worked until October 2010. Jeremy is currently an Investment Manager with Hanson Asset Management, where he has worked for the last six years. He is also the non-executive chairman of Primorus Investments plc. Jeremy holds CISI Level 6 PCIAM.

**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.

**Company Secretary**

The CFO undertakes the joint role of company secretary, as the Board does not feel the size of the company warrants an independent person.

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

**Annual Board appraisal**

In accordance with current best practice and the Code, the Board has decided to initiate an annual formal evaluation of its performance and effectiveness and that of each Director and its Committees. This evaluation will be conducted closer to the year-end by way of a questionnaire and interviews with the Chairman. In addition, the Non-Executive Directors will meet, informally, without the Chairman present and evaluated 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, although 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.

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

At Erris, 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 our environmental impacts,
- 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.

## 9 Maintain governance structures and processes that are fit for purpose and support good decision-making by 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 consists of two executive directors and three non-executive directors, of whom Graham Brown and Jeremy Taylor-Firth are considered by the Board to be independent. 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**

Overall role of the Board including Internal Controls – please refer to Principle 5 for further information  
The Board has delegated certain authorities to committees, each with formal terms of reference.

- Nomination Committee – The whole Board acts as a Nomination Committee
- Audit Committee – please refer to Principle 5 for further information
- Remuneration Committee – please refer to Principle 5 for further information
- Corporate Governance Committee – The whole Board acts as a Corporate Governance Committee

### **Reserved Matters**

The Board had 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 financial budget, incl 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
- 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 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.

**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 Audit Committee and Remuneration Committee reports are detailed below

***Audit Committee Report***

The latest Audit Committee's report is included in the 2018 annual report. Please refer to principle 5 for the scope of the Audit Committee.

***Remuneration Committee report***

The latest Remuneration Committee's report is included in the 2018 annual report. Please refer to principle 5 for the scope of the Remuneration Committee.

***Dialogue with Shareholders***

Please refer to Principle 2 for further detail

***Website Disclosures***

Erris 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 each of its projects;
- All Annual and Half-Yearly Financial;
- All Company press releases issued under the RNS service;
- Notice of any General Meetings will be posted on the website as well as announced via RNS
- Details on the results of all resolutions put to a vote at the most recent AGM;
- Contact details including a dedicated email address [info@errisresources.com](mailto:info@errisresources.com) through which investors can contact the Company.
- 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