

## **PRIMORUS INVESTMENTS PLC**

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

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all stakeholders including staff, shareholders and clients. In order to meet the requirements of AIM Rule 26 we have chosen to follow the Quoted Companies Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies.

As Chairman, I lead the Board and take ultimate responsibility for ensuring that there is absolute clarity in our strategy and our quantitative and qualitative objectives and the collective and individual responsibilities of the Directors.

Importantly my responsibilities include ensuring that the company maintains its strong values of delivery, integrity, trust, client service and good corporate governance and in so doing deliver value for shareholders over the medium to long term.

In the following statement we give a summary of how our board and its committees operate and how we are applying the ten principles of the QCA Code.

The information below was last updated on 26 September 2018.

#### **1. Principle One**

##### *Business Model and Strategy*

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of an investing strategy for the Company. Primorus Investments plc is an investing company with a focus to acquire a diverse portfolio of direct and indirect interests in exploration and producing projects and assets in the natural resources sector in addition to acquisitions in the leisure, corporate services, consultancy and brand licensing sectors. The Company will consider possible opportunities anywhere in the world.

#### **2. Principle Two**

##### *Understanding Shareholder Needs and Expectations*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Shareholders and analysts 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. Investors also have access to current information on the Company through its website, [www.primorusinvestments.com](http://www.primorusinvestments.com), and via Alastair Clayton, Executive Director, who is available to answer investor relations enquiries.

#### **3. Principle Three**

##### *Considering wider stakeholder and social responsibilities*

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its investee companies and stakeholders. The Board is therefore charged with the responsibility to ensure that there is as close as practicable oversight and contact with its key investee companies and shareholder relationships. Furthermore the Board considers the wider impacts of any investee company in terms of their social and environmental impacts.

**4. Principle Four**  
*Risk Management*

In addition to its other roles and responsibilities, the Audit is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and 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. The Audit and Compliance Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

<b>Activity</b>	<b>Risk</b>	<b>Impact</b>	<b>Control(s)</b>
<b>Financial</b>	Liquidity, market and credit risk	Inability to continue as going concern  Reduction in asset values	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Incorrect reporting of assets	The board agrees and signs off all annual reports which detail accounting policies.  Due to size of the company - the board discusses and agrees all payments over £25,000.  Audit Committee
<b>Regulatory adherence</b>	Breach of rules	Censure	Strong compliance regime instilled at all levels of the Company
<b>Strategic</b>	Damage to reputation	Inability to secure new capital or investments	Effective communications with shareholders coupled with consistent messaging to potential investees
	Inadequate disaster recovery procedures	Loss of key operational and financial data	Robust compliance Off-site storage of data
<b>Management</b>	Recruitment and retention of key people	Reduction in operating capability	Stimulating and safe working environment  Balancing salary with longer term incentive plans

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Executive Director, Alastair Clayton. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

## **5. Principle Five**

### *A Well Functioning Board of Directors*

As at the date hereof the Board comprised: the Executive Director Alastair Clayton, a Non-Executive Chairman, Jeremy Taylor-Firth and a Non-executive Director, Donald Strang. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than 3 years. The Executive Director is considered to be a full time employee whilst the Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board elects a Chairman to chair every meeting.

The Board meets formally at least 3 times per annum but regular contact is maintained so that all directors are informed of relevant developments and are able to have discussions whenever required. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. Both Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward.

Jeremy Taylor-Firth is considered by the Board to be an Independent Director. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. As it has only one independent non-executive director, the Board does not currently fully comply with this requirement and will consider making further appointments as the scale and complexity of the Company grows, which is expected to be when the Company achieves a market capitalisation of over £10 million.

### *Attendance at Board and Committee Meetings*

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date in the current financial year the Directors have a 100% record of attendance at such meetings. In order to be efficient, the Directors meet formally and informally both in person and by telephone. To date there have been at least quarterly formal meetings of the Board, and the volume and frequency of such meetings is expected to continue at this rate.

## **6. Principle Six**

### *Appropriate Skills and Experience of the Directors*

The Board currently consists of three Directors. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets.

The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal. Currently each of the board are involved in financial markets and increase their awareness and skills via reading and participation in commercial transactions from time to time.

**Mr Jeremy Taylor-Firth**

*Chairman and Independent Non-Executive Director*

Jeremy has 20 years of experience in investment 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 4 years.

In the above capacities Jeremy has gained extensive knowledge of portfolio management, investment management, investment assessment, risk assessment and suitability as well as developed a deep understanding of private and public markets for investments in equities and debt. Furthermore Jeremy has developed an extensive network of investment professionals and market participants.

**Mr Alastair Clayton**

*Executive Director*

Alastair has over 20 years' experience in identifying, financing mineral, energy and technology businesses in Australia, the USA, Europe, Africa and Asia. A qualified geologist, Alastair also has a Graduate Diploma in Finance and Economics and maintains a broad network of Equity Provider and Private Equity relationships in Europe, Asia and the US.

**Mr Donald Strang**

*Non-Executive Director*

Donald is a member of the Australian Institute of Chartered Accountants and has been in business for over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. He has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently a director of various AIM companies.

**7. Principle Seven**

*Evaluation of Board Performance*

Internal evaluation of the Board, the Committee and individual Directors is undertaken on an annual basis in the form of informal discussions.

The annual report details the progress which the board and company has made for the year.

No succession planning is deemed necessary at this point due to the small size of the company.

Each director is also assessed by shareholders on a three year rotation basis at AGM when their re-appointment is due.

**8. Principle Eight**

*Corporate Culture*

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 what needs to be an open and respectful dialogue with investee companies and investors 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 import 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. The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

## **9. Principle Nine**

### *Maintenance of Governance Structures and Processes*

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Executive Director arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Executive Director.

#### *Audit Committee*

During the financial year ended 31st December 2017 the Audit Committee comprised of Jeremy Taylor-Firth (Chairman) and Donald Strang. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

#### *Remuneration Committee*

The Remuneration Committee comprises Donald Strang (Chairman) and Alastair Clayton. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

#### *Nominations Committee*

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

#### *Non-Executive Directors*

The Board has appointed 2 Non-Executive Directors.

Due to the small size of the Company, it is deemed not necessary to appoint further non-executive directors until the Company's market capitalisation is over £10m.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement. There is no plans at this stage to increase the governance framework until the company achieves minimum £10m market capitalisation.

## **10. Principle Ten**

### *Shareholder Communication*

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Shareholders and analysts 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.

Investors also have access to current information on the Company through its website, [www.primorusinvestments.com](http://www.primorusinvestments.com), and via Alastair Clayton, Executive Director, who is available to answer investor relations enquiries. The Company proposes in 2018, subject to the necessary formalities, to move to electronic communications with shareholders in order to maximise efficiency. The company's website details various information: annual reports, AGM notice of meetings and RNS announcements detailing results of meetings and other relevant information.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.