

Shuka Minerals Plc
Corporate Governance Statement

15 August 2023

Compliance with the Quoted Companies Alliance Corporate Governance code.

The Quoted Companies Alliance has published a corporate governance code for small and midsized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the “QCA Code”). The QCA Code sets out 10 principles of Corporate Governance which should be applied in order to deliver long-term shareholder value through good communication and an efficient, effective, and dynamic management framework.

The Directors of Shuka Minerals Plc (‘Shuka’, the ‘Group’ or the ‘Company’) have adopted the QCA Code. The 10 principles of the QCA Code are listed below together with a short explanation of how the Group applies each of the principles and where the Group does not fully comply with each principle an explanation is provided as to why it does not currently do so.

Delivering Growth

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

Shuka’s growth strategy is focused on the continued development of its mining operations in Tanzania and the planned development of a mine mouth power plant at the project site which will sell electricity to Tanesco and the East Africa Power Pool.

The near-term objectives as set out on the Company’s website (Shukaminerals.com) are:

- to initiate commercial mining and washing operations at the Rukwa coal field. Construction of the mine and associated services has been completed and the Company has been in commercial production since Q4 2017, currently producing up to 4,000 tonnes per month of coal for sale and the Company is seeking to increase production up to 10,000 tonnes per month in the short to medium term. The wash plant is owned and operated by Shuka resulting in a considerable saving on plant processing costs, compared with using a contract washing facility.
- to advance the Rukwa Coal to Power Project through its pre-development to construction – Tanzanian Ministry of Energy and Minerals (MEM) have requested the Project move ahead to development in parallel with its transmission development.

The Group's longer-term objective is to fully monetise the Rukwa coal deposit via development of a mine mouth coal-to-power project providing electricity to the Tanzanian grid system. Shuka is currently working alongside its EPC partners Sinohydro on pre-development tasks and awaiting Tanzanian government directives on how the planned roll out of coal fired power generation will take place.

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

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis.

All 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 and any other General Meetings that are held throughout the year.

Investors have access to current information on the Company through its website, Shukaminerals.com, and the Company's financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

The Company expects to widen its investor base over time and already meets or talks regularly with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

The Company also has held and intends to periodically hold Investor Evenings to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

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 Shuka is reliant upon the relationship and good communications with the Tanzanian authorities (the Ministries of Energy and Minerals, Tanesco, the national power company and other government authorities such as NEMC the environmental management council), our Joint Venture partner in Tanzania, the local community, and the efforts of the employees of the Group and its contractors, suppliers and regulators.

Frequent and regular communications with the authorities and our Joint Venture partner is ongoing. A designated employee and a local Tanzanian consultant is engaged to conduct regular communication with the local community.

An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Newly appointed Directors are made aware of their responsibilities through the Company Secretary.

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

Principal Risks

The principal risks facing the Group are those relating to the volatility of commodity prices, reliance on the expertise of key Group personnel, risks connected with uncertainties of Tanzanian political, fiscal and legal systems, including taxation and currency fluctuations, and meeting its financing requirements.

Risk Management

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company.

Senior management regularly visits operations to understand site-specific risks as well as to assess local political, fiscal and legal risks. In this regard, the Group maintains a strict policy of compliance with local laws and regulations, and community issues (including health and safety, community development, and environmental responsibility) are at the forefront of strategic and operational decision-making.

Duties in relation to risk management that are conducted by the Directors include, but are not limited, to:

- Initiating action to prevent or reduce the adverse effects of key risks;
- Controlling further treatment of risks until the level of risk becomes acceptable;
- Identifying and recording any problems relating to the management of risk;
- Initiating, recommending or providing solutions through designated channels;
- Verifying the implementation of solutions;
- Communicating and consulting internally and externally as appropriate; and
- Informing investors of material changes to the Group's risk profile.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is conducted by external parties, such as specialist consultancy groups or

individuals, where appropriate. During the mine start-up phase, the Company has regularly used consultants in both the mining and processing areas. The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

Conflicts of interest

The Board has instituted a process for reporting and managing any conflicts of interest held by Directors. Under the Company's Articles of Association, the Board has the authority to approve such conflicts.

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. As well as the applicable laws and recommendations, the Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

The Company's Annual Report provides detailed analysis of the key risks that face the Group and how those risks are managed (see pages 9 – 11 of the Group's 2017 Annual Report: Shukaminerals.com/financial-reports/).

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

The Board recognises that the Company's objective of delivering growth in long-term shareholder value requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

The Board currently comprises of a Non-Executive Chairman (Nick von Schirnding), CEO (Noel Lyons), Executive Director (Paul Ryan), Executive Director (Jason Brewer) and Non-Executive Director (Andre Hope). Details of the qualifications, background and responsibility of each director is provided on the Company's website Shukaminerals.com/directors-and-management, with additional information in respect of directors' record of attendance at meetings and the operation of the Audit Committee and Remuneration Committee provided in the Company's annual report and accounts and below under Principle 9.

The Board is also supported by Rakesh Patel, a partner at Adler Shine LLP, Chartered Accountants, who acts as Group financial controller and who, together with his team at Adler Shine LLP, provide accounting, financial and reporting support to the directors.

Given the size of the Company, the present level of its development and the number of directors currently, the Board does not consider it necessary for there to be a senior independent director, however, the Board does recognise that as the Company develops, the number of

directors, including independent directors, will increase at which time the appointment of a Senior Independent Director may be appropriate.

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

The Board comprises of directors considered to possess the appropriate experience, skills, personal qualities and capabilities necessary to deliver the Company's strategy for the benefit of its shareholders and is appropriate to its present size and stage of development.

Nick von Schirnding – Non-Executive Chairman

Nick has over 25 years' experience in mining and natural resources, including strategic development, M&A, restructuring, driving operational change and the UK regulatory framework.

Nick is Executive Chairman of Arc Minerals plc, a London listed mining group with interests in Africa. Nick is also Chairman of Fodere Group, a private company that has developed environmentally sustainable technology to extract high value minerals from ore. In addition, Nick is a Non-Executive Director of Jangada Mines plc, which is also listed in London. Previously Nick was CEO of Asia Resource Minerals plc (formerly Bumi plc), a FTSE listed mining company and was instrumental in successfully restructuring their 25mtpa open pit coal mining operations. Nick was also deputy chairman of Berau Coal, Indonesia's fourth largest listed coal company. Prior to this Nick held senior roles at both Anglo-American plc and De Beers.

As a Chairman Nick is responsible to lead the Board and determine the strategic direction of the Company, review performance of the management and ensure that the Company complies with the relevant rules and regulations. In addition, he is responsible for ensuring that the Company complies with the QCA Code for Corporate Governance.

Paul Ryan – Executive Director

Mr Ryan has over 20 years of commercial, regulatory and advisory experience. Mr Ryan has acted as a consultant, primarily on strategy and public policy, to a range of clients including FTSE100 and Fortune 500 companies largely in the ICT space. He held a variety of board positions with leading mobile operator Vodafone Group. Mr Ryan has many years of experience working in sub-Saharan Africa including South Africa, Kenya, Tanzania and Ghana where he lived for a number of years. Since 2018 Mr Ryan has been involved with a clean coal project through Clean Invest Africa plc whose subsidiary CoalTech has an operational coal facility in South Africa. Mr Ryan is a qualified solicitor in the UK and graduated from Trinity College, Dublin, Ireland.

Andre Hope – Non-Executive Director

Mr Hope has a wealth of experience as an adviser and consultant to governments and major corporates across Africa over the last 30 years. During this time, he has developed an extensive network of relationships throughout Africa. He holds a degree in Law from Brunel University and was called to the Bar of England & Wales in 1981. Mr Hope served as Non- Executive Chairman of Ecobank (SL) Ltd., an affiliate of Ecobank Transnational, one of the leading African banks with operations in 36 countries across the continent, and he currently serves as a NonExecutive director of Rokel Commercial Bank (SL) Ltd., formerly Barclays Bank (SL) Ltd. As a non-executive director Andre is responsible for giving input into the strategic direction of the Company, reviewing performance of the management and ensure that the Company complies with the relevant rules and regulations. In addition, he is responsible for ensuring that the Company complies with the QCA Code for Corporate Governance.

Jason Brewer- Executive Director

Mr Brewer, is a Director of GMI and currently the Chief Executive Officer of Marula Mining plc (AQUIS: MARU) (“Marula”), an African battery metals focused mining and development company which has a broad portfolio of mining and exploration projects in South Africa, Tanzania and Zambia. Marula currently operates the Blesberg Lithium Mine in South Africa and is developing the Kinusi Copper Mine in Tanzania as well as advancing a number of graphite and rare earth elements projects in Tanzania and Zambia. Mr Brewer is a senior mining executive with over 25 years of experience in international mining, financial markets and investment banking and being based in Nairobi is ideally positioned to oversee the development of our current mining and exploration ongoing projects in East Africa, and his on-site presence will prove invaluable in identifying and securing new mining and mine development opportunities for the Company.

Noel Lyons – CEO

Mr Lyons is an operational executive with over 30 years direct experience in the oil, gas and mining sector, mainly in Africa and the Middle East. His experience is primarily on the operational side including strategic management, operations, project management, funding and value creation generally with listed companies. He is the founder of Clean Invest Africa plc, a company focused on delivering an attractive return through acquiring stakes in clean energy companies, remediation technologies, waste-to-energy technologies, and other clean energy related projects.

Noel is responsible for the daily operation and directing management of the Company.

In addition to Noel Lyons, the Company's principal subsidiary in Tanzania, Shuka International (Tanzania) Limited ('EITL'), has two additional directors, Rajesh Lathigra and Cassiano Kaegele who are both based in-country. Rajesh Lathigra is the finance director of EITL and Cassiano Lathigra is a non-executive director who has a 10% interest in the Rukwe licences.

Prism Cosec Limited ('Prism') are the Company's outsourced company secretarial service provider. Prism provides the Company with one of its corporate officers, David Venus & Company LLP, as the named company secretary of the Company and is responsible for both legal and regulatory compliance.

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

Given the size of the Board and the stage of development, no formal assessment of the Board performance is taken. However, requests to attend seminars, courses, conferences to improve the effectiveness of the Board are encouraged.

- A yearly internal review of the performance of the Board is planned with inputs from employees and advisors.
- Board members are in frequent communication with each other and the Chairman and the Managing Director are in a daily communication such that Board members are aware of the present status of the Company.
- There are periodic discussions on the future direction of the Company, augmentation of senior management team, potential Board members and succession planning.

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

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with the Tanzanian and UK laws and regulations;
- Anti-corruption practices;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Regular meetings and communications with management and employees are conducted throughout the year to ensure such corporate culture is instilled within the Company.

Details of these are outlined in the Annual Report under the Corporate Social Responsibility and Corporate Governance sections.

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

Board meetings

The Board formally meet on average every three months, however the Chairman and the Managing Director communicate daily and meet up on average at least once a month. Decisions concerning the direction and control of the business are made by the Board, and a formal schedule of matters specifically reserved for the Board is in place.

Generally, the powers and obligations of the Board are governed by the UK Companies Act 2006, and the other laws of the jurisdictions in which it operates. The Board is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, changes in the Board / senior management, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders. These areas are set out in more detail in a formal Schedule of Matters Reserved for the Board.

Board committees

There are two board committees, namely the Audit and Remuneration committees both consisting of Nicholas von Schirnding, Franco Caselli and Andre Hope. During the year ended 31 December 2021 the Audit Committee and the Remuneration Committee met with the Managing Director and all relevant matters were dealt with by the full Board. The function of these committees are as follows:

Audit committee

The Committee provides a forum for reporting by the Group's external auditors. Meetings will be held on average once a year and the executive Director(s) will also be invited to attend. The Audit Committee will be responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the Board and monitoring the controls which ensure the integrity of the financial information reported to the shareholders.

Remuneration committee

The Committee will be responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee will determine the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes, compensation payments and option schemes. At present, the Board itself determines the remuneration of the Non-Executive Directors.

Nominations committee

The directors consider that the Group is not currently of a size to warrant the need for a separate Nominations Committee or internal audit function although the board has put in place internal financial control procedures as summarised below.

Internal financial control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors are conscious of the need to keep effective internal financial control, particularly in view of the cash resources of the Group. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Group.

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

In addition to the Chairman's Statement and CEO report in the Company's Annual Report and Interim Results, Shareholders are regularly advised of any significant developments in the Company and are encouraged to participate in the Annual General Meeting and any other General Meetings that may take place throughout the year. The Company expects to widen its investor base over time and then meet regularly with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

Investors have access to current information on the Company through its website, Shukaminerals.com, and the Company's financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

The Company also intends to periodically hold Investor Evenings to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

The Company has a twitter account <https://twitter.com/Shukaminerals> which contains photos and videos of the Company's operation in Tanzania. The Managing Director also periodically promotes the Company's activities, following the publication of regulatory announcements, through various media platforms such as Directors Talk, VOX Markets and Proactive Investors.

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