

**ANGLO ASIAN MINING PLC (“Anglo Asian”, the “Group” or the “Company”)  
COMPLIANCE WITH QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE  
LAST REVIEWED 4 OCTOBER 2023**

The board of directors (the “Board”) applied throughout 2022 the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the “QCA Code”) to support the Company’s corporate governance framework. The directors acknowledge the importance of the ten principles set out in the QCA Code. The QCA Code is a code of best practice for AIM companies.

Set out below are the ten principles of corporate governance in the QCA Code, the Company’s compliance with each of the ten principles and the required annual report and accounts disclosure.

**Compliance with the principles of the QCA code**

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

The Company has a portfolio of gold, copper and silver exploration and production assets in Azerbaijan. The Company has a clear strategy of growing a sustainable mining business in Azerbaijan which is fully set out in the chairman’s statement, the president and chief executive’s review, the strategic report and other sections of this annual report. As with any other company in the extractive industries, a key challenge is to replace the mineral resources mined. The Company maintains an active geological exploration programme which continued throughout 2022 to identify new mineral resources. The Company also obtained three new mining concessions in Azerbaijan in 2022.

The Company also seeks to grow shareholder value by investing in mining properties outside of Azerbaijan. In December 2021, the Group made its first investment outside of Azerbaijan in Libero Copper & Gold Corporation (“Libero”). Libero became an associate company of the Group in January 2022 upon completion of the Group’s initial investment and a further investment was made in August 2022. Libero has a portfolio of copper and gold exploration properties in North and South America.

A further key challenge is the safe working of its operations and this annual report sets out measures adopted by the Company in 2022 to address this challenge.

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

The Board maintains an extensive two way dialogue with its shareholders. The Board meets shareholders at its annual general meeting each year. Directors and senior management regularly meet shareholders at investor events and other forums. Individual meetings are held with larger shareholders who occasionally visit the Company’s operations in Azerbaijan. These activities were resumed in 2022 after travel and other restrictions arising from the COVID-19 pandemic were largely lifted at the end of 2021.

The Company also regularly updates shareholders on its activities through press releases via the LSE RNS and RNS Reach systems. Podcasts and video interviews by senior management are also disseminated via well-known investor websites such as Proactive and Vox. The Company has an active and effective investor relations programme that includes institutional roadshows and presentations. The Company website is monitored and regularly updated to be a current and comprehensive source of information to stakeholders. The Company also uses social media to communicate with shareholders and has a dedicated LinkedIn account at <https://www.linkedin.com/company/angloasian-mining-plc/>.

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

The Company takes its wider responsibilities for corporate and social responsibilities very seriously and has contributed to the economic and social development of the local communities in which it operates. This includes refurbishing schools and building infrastructure in the region and assisting local agriculture. The Company regularly meets with community leaders in the areas in which it operates. In addition, the Company uses the annual report and financial statements, the interim statements and its website ([www.angloasianmining.com](http://www.angloasianmining.com)) to provide further information to shareholders and wider stakeholders.

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

The Company and its directors have identified and keep under consideration the risks facing the Company. It has an established framework of internal financial controls including an audit committee to address financial risks. The Company does not have a formal corporate risk management programme for non-financial risks although the Board regularly discuss and review exposure and management of all risks. The requirement for a formal risk management programme is kept under review and the Company may reassess the need to establish such a programme in the future.

The Group maintains appropriate insurance cover in respect of legal actions against the directors as well as against material loss or claims against the Group and the Group and the Board review the adequacy of the cover regularly.

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

- a) country risk;
- b) operational risk;
- c) commodity price risk;
- d) foreign currency risk; and
- e) liquidity and interest rate risk.

One of the main corporate risks is the safe operation of its mines and processing operations. To address this specific risk, the Company has a well-developed and adequately staffed health, safety and environment ("HSE") department to ensure safe and clean working at its mines and processing sites. The Company also has a health, safety, environment and technology ("HSET") committee comprising John Monhemius and Reza Vaziri. The committee's primary function is to assist the Board in fulfilling its HSE oversight responsibilities. Its oversight responsibilities are set out in section 9 below.

The HSET committee, chaired by John Monhemius, convened twice during 2022. The first meeting was held by video conference and the second was convened as a face-to-face meeting at the Gedabek mining site. The committee discussed all aspects of the safe operation of its mines and processing plants and any reportable safety incidents together with recommendations and follow-up actions from previous meetings.

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

The Board is a well-balanced team including specialists of the major technical disciplines required in the mining industry. Their names and biographies are set out in this annual report on page 38 of the 2022 annual report. Two of the five directors, being Khosrow Zamani and Professor John Monhemius are independent. The Company's board composition complies with the QCA Code and each independent director has been assessed and is considered to be independent by the Board. The biographies of Board members of the Company are also available on the Company website at <http://www.angloasianmining.com/about-us/board-of-directors/>. The number of board meetings held during 2022 and the attendance of the directors are as follows:

Number of board meetings in 2022	Number of board meetings each director attended				
	John Monhemius	Michael Sununu	John Sununu	Reza Vaziri	Khosrow Zamani
10	10	10	10	10	10

All directors are expected to devote the necessary time commitments required by their position and are expected to attend at least six board meetings each year. The role and duties of the audit, nomination and remuneration committees are set out in the respective reports of the committees in section 10 below. The respective reports also set out the number of times the committees met in the year and the attendance of the directors.

The meetings of the health, safety, environment and technological committee are set out in section 4 above.

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

The directors are all highly experienced with a total over 200 years of experience in all areas of business, particularly the natural resource industries. All directors are able to seek outside advice wherever necessary. The Company's chief financial officer acted as Company Secretary throughout 2022. He was supported by an employee of the Company who is highly experienced in company secretarial and related legal matters. The Board has a nominations committee which reviews and considers the Board structure and composition. The nominations committee meets as required to consider and make recommendations on the appointment of directors to the Board and senior management as well as recommendations in relation to professional training and development. The biographies of the directors can be found on page 38 of the 2022 annual report and on the Company website at <http://www.angloasianmining.com/about-us/board-of-directors/>.

There is no formal process to keep directors' skill sets up-to-date given their wealth of experience.

The Company's broker and NOMAD (S P Angel Corporate Finance LLP) advised the Board on various regulatory and commercial matters during 2022.

The external auditor provided tax compliance services which comprised preparing and submitting the UK tax computations for the two England and Wales incorporated companies for the year ended 31 December 2021.

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

The Board believes its clear objective is the financial performance of the business whilst closely ensuring the interests of all other stakeholders are properly upheld. The financial performance of the business is closely monitored. The Company reviews board, committee and individual director performance on an ongoing basis in the context of their contribution to the Company's financial performance. The chairperson will normally take leadership of the performance assessment process and allows for feedback from other board members about their performance.

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

The Company operates to the highest ethical standards. The Board is very mindful that it operates in the extractive industries in an emerging market economy. Accordingly, the Board takes every opportunity, including the induction process of senior management, to reinforce its high ethical standards. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives. The Company is also aware that the safe operation of its mines and processing plants is determined in large part by a culture which is highly "safety conscious". The Board has taken actions during the year to promote this culture of safe working such as strengthening its HSE department and regular safety reviews.

There is no formal mechanism to monitor the Company's corporate culture which the Board believes is appropriate given the size of the business. However, the Board investigates very thoroughly any instance of serious malpractice etc. which is brought to its attention. There were no instances during 2022 of any failing of the Company due to poor culture brought to the attention of the Board.

The effectiveness of the "safety conscious" culture can be monitored directly by the HSET committee and indirectly through the number of reported safety incidents etc. The Company unfortunately suffered its first fatality in 2022. As a result of this fatality, a comprehensive review of all aspects of the safe operation of earthmoving and other plant was carried out. However, an external investigation by the local Governmental authorities ruled that the Company was not to blame for the incident.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, 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 AIM Rule 21 of the requirements of the Market Abuse Regulation which came into effect in 2016.

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

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

The Board has audit, nomination and remuneration committees. The role and duties of the audit, nomination and remuneration committees are set out in the respective reports of the committees in section 10 below.

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

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

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

The Company maintains an adequate dialogue with its shareholders as set out in section 2 above. The Company is committed to providing full and transparent disclosure of its activities, via the RNS and RNS Reach systems of the London Stock Exchange. Furthermore the historical annual reports and interim accounts are available on the Company website at <http://www.angloasianmining.com>.

Details of all shareholder communications are provided on the Company website. The Board holds meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with all shareholders, including presentations on current business that are subsequently made available on the website.

The outcome of each vote in the annual general meeting is always reported to shareholders and released as an RNS on the market announcements platform. It can also be obtained on the Company website.

There is a formal process of maintaining the relationship between the Company and the Government of Azerbaijan.

### **10.1 Report of the audit committee Members of the audit committee**

The members of the audit committee comprise John Sununu and Khosrow Zamani. The chief financial officer is invited to all meetings of the audit committee. A highly experienced accountant is also employed by the Company to provide technical advice to the audit committee.

#### *Role of the audit committee*

The main duties of the audit committee are as follows:

- provide formal and transparent arrangements for considering the application of all applicable financial reporting standards;
- ensure the interim and full year financial statements are properly prepared in accordance with all applicable accounting standards, legal and all other requirements and reflect best practice;
- review the findings of any management letter or other communication from the external auditor regarding internal controls;
- ensure the full year financial statements are audited by the external auditor in accordance with all applicable audit standards, legal and other requirements;
- assessment of the need for an internal audit function; and

- ensure the independence and objectivity of the external auditor and approve all non-audit work by the external auditor.

#### *Meetings of the audit committee held in 2022*

The audit committee met twice in 2022, to approve the financial statements for the year ended 31 December 2021 and to approve the financial statements for the six months ended 30 June 2022. John Sununu, Khosrow Zamani and William Morgan attended both meetings. The external auditor attended the meeting approving the financial statements for the year ended 31 December 2021.

#### **Non-audit work**

The external auditor performed certain tax compliance work as set out in section 6 above and note 8 to the Group financial statements. This work was approved by the audit committee as it did not affect the independence or objectivity of the external auditor.

#### **Internal audit**

The Group does not currently have an internal audit function due to the small size of the Group and limited resources available. The requirement for an internal audit function is kept under review.

#### **Whistleblowing**

The Group does not currently have a formal whistleblowing policy due to the small size of the Group. The Group maintains a very open dialogue with all its employees which gives every opportunity for employees to raise concerns about possible improprieties in financial reporting or other matters.

### **10.2 Report of the remuneration committee**

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

The committee met once during 2022 to consider the remuneration of the directors. The committee recommended the redenomination of the directors' fees payable to Khosrow Zamani, Michael Sununu and John Sununu from Sterling into United States Dollars. The three directors all reside in the USA. The measure was to simplify the payment of their fees and provide them with certainty of the fee amount given the extreme volatility of the United States Dollar to Sterling exchange rate in 2022. The remuneration of the three directors was not materially affected by this measure. The committee also recommended a 14 per cent. increase in fees due to United Kingdom inflation for John Monhemius. John Monhemius resides in the United Kingdom and his fees are denominated and paid in Sterling.

The remuneration paid to the directors is disclosed in the report on directors' remuneration on page 48 of the 2022 annual report.

### **10.3 Report of the nomination committee**

The nomination committee comprises Khosrow Zamani and John Sununu and meets as required. It is the role of the nomination committee to review and consider the Board structure and composition

and to consider and make recommendations on the appointment of directors to the Board. The committee did not meet in 2022.

### **COVID-19 health emergency**

The Government of Azerbaijan, together with many governments worldwide, had lifted most of the COVID-19 restrictions by the start of 2022. The board monitored the COVID-19 pandemic throughout 2022. However, it had no noticeable effect on the Group's business in 2022.