

KODAL MINERALS PLC
CORPORATE GOVERNANCE STATEMENT

Chairman's Introduction

We formally adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") in September 2018, believing it to be the most appropriate code for an AIM quoted company of our size and stage of development. As chairman, I am responsible for leading the board; ensuring its composition with people of the right experience and engagement; and focusing on our strategy to bring our African lithium projects to production. As we have moved from our pure exploration focus towards being a development and mining company, I wanted to strengthen the board in the areas of finance and lithium mine development, as well as increasing the number of independent directors.

Accordingly, we have appointed to the board Charles Joseland and Mark Pensabene, whose biographies are available here <https://kodalminerals.com/the-company/board-management/>. As a small company, we are aware that the board's and senior management's actions and attitude have a strong impact on the culture of our organisation; the regular, on site presence of our CEO and Project Manager in Mali and Cote d'Ivoire, as well as regular communication with our local manager are important aspects of conveying and monitoring our culture and values. I believe for the size of our company we have a well-functioning board, the right corporate structures, appropriate engagement and information flow with our small senior management team, and a clear strategy to drive value for our shareholders, employees, communities where we operate, and our suppliers. We have engaged closely with local communities and the Malian government through the ESIA process and taken their considerations into account; in addition to our market updates, our CEO makes regular presentations, gives media interviews and engages with shareholders, to keep stakeholders informed and understand expectations. We explain more under the QCA Code's ten principles below.

Principle 1.

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

Kodal's primary focus is to continue to explore and develop its Bougouni Lithium Project ("Bougouni" or the "Project") located in southern Mali. The medium term objective is to develop the Project through feasibility studies and bring it in to production as rapidly as possible. The Strategic and Operational Review, and Principal Risks, above explain the strategy, key areas of focus and challenge, and management action. The Company has already secured a strategic investor and off-take partner and will continue to explore similar opportunities to fund mine and plant construction in order to enter production rapidly. The key drivers to the continued growth of the lithium market are the increasing demand for electric vehicles and battery storage as well as growth in the use of personal electric devices driven by social choice, government regulations and an improvement in the performance and affordability of high quality battery products. In addition to the lithium prospects in Mali, the Company holds a suite of gold assets in Mali and Cote d'Ivoire. The Company continues to

assess and rank the projects it holds directly to determine priorities for further exploration or for ways to deliver value to our shareholders.

Principle 2.

Seek to understand and meet shareholder needs and expectations

The Board is committed to communicating openly and regularly with both its private and institutional shareholders to ensure that its strategy and performance are understood. Significant developments are disseminated through RNS announcements which are then made available on the Company's website.

The Company communicates regularly with private shareholders through investor evenings and similar events; audio and video interviews; periodic webcast Question & Answer sessions. The Company's website also contains its latest corporate presentations and interview recordings. In addition, the Company encourages all shareholder to attend the Annual General Meeting which provides an excellent opportunity to meet with management and engage directly with them. Kodal has an active and effective investor relations programme which includes regular institutional road-shows to meet shareholders and potential shareholders. It also meets its corporate brokers and other research analysts to assist them in preparing and publishing their research on the Company. These promotional and marketing activities are co-ordinated by its corporate broker and financial PR advisers.

Principle 3.

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

The Board believes that long-term success requires good relations with a range of different stakeholder groups both internal and external. The board has identified Kodal's stakeholders to include employees and consultants working for the Company, the local communities in Mali and Cote d'Ivoire in which it operates, local governments, suppliers, customers and partners. The Company's CEO, Project Manager and Country Manager in Mali regularly visit the locations in which Kodal operates and meets with these stakeholders in order to gain their feedback on the company's operations. Any concerns raised are communicated to the Board for further consideration. A key part of Kodal's business model is assessing the impact that the company's business activities will have on the host communities and environment in which it operates. As part of its application for a mining licence at Bougouni, the Company has recently carried out an Environmental and Social Impact Assessment (ESIA) engaging with and responding to comments from officials of the departments of Geology & Mines, Forestry & Water, Heritage & Culture, as well as the local community as a whole. The Company is also committed to ensuring the safety of its workers on site and has strict health and safety policies which it firmly enforces.

Principle 4.

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

The Board is responsible for identifying and managing areas of significant business risk for the Company; the Audit & Risk Committee assists the board in ensuring that there is an effective system for risk management in place. At each Board meeting, the Directors review ongoing operational performance, discuss budgets and forecasts and new risks associated with ongoing operations; appropriate mitigating actions and controls are discussed with management, and subsequently monitored by the Directors. The Board formally reviews and documents the principal risks to the business at least annually as part of the annual audit process. The Company has in place an anti-bribery and corruption policy as well as other policies and procedures to which employees, management, consultants and, where appropriate, key suppliers are required to adhere. Robust financial procedures and safeguards are in place regarding expenditure and accounting functions. The principal risk areas identified by the board and the mitigating actions are set in the 'Principal Risks' section above.

Principle 5.

Maintaining the Board as a well-functioning, balanced team led by the Chair.

The Board meets approximately each month throughout the year to discuss important operational and strategic matters and to review financial and operational performance. In addition, there are additional board meetings to consider specific proposals, including for example to issue further shares to raise funds or to consider significant contracts or actions. Board papers are provided in advance with the information necessary to facilitate a proper assessment of the issues under consideration. The non-executive directors spend between 2 and 6 days a month working on company matters. The structure and composition of the Board has been kept under review by the Chair during the year.

As the Company has moved further into its development activities at Bougouni, two new independent non-executive directors, Charles Joseland and Mark Pensabene, have been appointed to the Board shortly after the year-end. Although these directors hold some share options and company shares, the holdings are not considered to be of sufficient size to impact their independent judgments. Biographical details of all the directors are available here <https://kodalminerals.com/the-company/board-management/>. The Directors believe that this Board provides the Company and its shareholders with the necessary skills and experience to drive the business forward balanced by a sufficient level of independent analysis and judgement to provide challenge and oversight.

As a Board, the Directors are also mindful of the need to control costs and provide value for shareholders. In the year ended 31 March 2019 there were 13 board meetings of which Robert Wooldridge attended 13, Bernard Aylward 12, Luke Bryan 11 and Qingtao Zeng 8. The Board has an Audit & Risk Committee which during the year to 31 March 2019 comprised Robert Wooldridge (Chair) and Qingtao Zeng and met three times. Charles Joseland has taken over as the chair from the date of

his appointment in April 2019 and the committee now also includes Robert Wooldridge and Mark Pensabene.

The Board also has a Remuneration & Nomination Committee which during the year to 31 March 2019 comprised Robert Wooldridge (Chair) and Luke Bryan. The Remuneration & Nomination Committee meets as required and at least once each year. The Committee for the current year now comprises Robert Wooldridge (Chair), Charles Joseland and Qingtao Zeng.

Principle 6.

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

Biographical details of the Directors are available here <https://kodalminerals.com/the-company/board-management/> including for the two new directors appointed after the year-end.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of geology, mineral exploration, mine engineering and development, public company and capital markets, finance and corporate governance. The directors keep their skillsets up to date by attending industry and qualification relevant seminars and training sessions. The Directors seek advice from their corporate advisers (including the Company's nominated adviser, lawyers and accountants) as necessary. When considering the composition of the Board and the appointment of new Directors, the Board has established a Remuneration & Nomination Committee to oversee this process and make recommendations to the Board. The Board recognises that it currently has limited diversity, and this will form a part of any future recruitment consideration.

Principle 7.

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

The Board reviews the performance of individual Directors on an on-going basis and assesses each Director's contribution to the effective operation and management of the Company. For the coming year, there will be a formal Board evaluation process. The Chairman has set individual objectives for each Director within the context of the overall strategy and objectives for the Company and at the end of the year, there will be a formal process to review each director's performance, including the level of achievement of his objectives, and to assess his overall contribution to the performance of the Company. The review will establish further objectives for the coming year, identifying any additional training or other support that may be required. This review will feed into the annual remuneration process conducted by the Remuneration and Nomination Committee. Succession planning is the responsibility of the Remuneration and Nomination Committee and is reviewed by the Board at least on an annual basis. When considering succession planning, the Remuneration and Nomination

Committee takes into account the skills and experience required as the Company grows and develops its projects.

Principle 8.

Promote a culture that is based on ethical values and behaviours.

As a small company the Board's and senior management's actions and attitude have a strong impact on the culture of our organisation. The Board believes that it has established a culture of responsible and ethical behaviour which it follows and which it believes has been successfully transmitted to its employees overseas. Foremost amongst these are its focus on: | the health and safety of its workers and consultants; | an awareness of the environmental and social impact of its operations on the local communities and efforts to mitigate and minimise them; | contributing to the overall development of the local communities in which it operates; | conducting honest and transparent dealings with employees, consultants and suppliers; and | adopting a zero tolerance to bribery.

At this stage of its development, Kodal has only approximately eight non-Board employees all of whom are based at its offices in Mali and Cote d'Ivoire. There is near daily contact with these offices and regular visits by the CEO. This enables the Board to monitor employees' conduct and behaviour to ensure that the Company's ethical values and standards are recognised, and respected, and appropriate action taken where necessary.

Principle 9.

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

Kodal's key strategic, financial and operational decisions are reserved exclusively for the decision of the Board. The Board seeks to meet formally approximately once a month and is supplied with appropriate and timely information ahead of each meeting. The Directors are free to seek any further information they consider necessary. In addition, there are additional Board meetings to consider specific matters that require decision between the regular board meetings and to which all Directors are invited. In addition to the formal meetings, there is regular contact and communication between the Board members to discuss day-to-day operational matters. Robert Wooldridge, the Non-executive Chairman, is responsible for the running of the Board and Bernard Aylward, the Chief Executive Officer, has executive responsibility for running the Company's operational activities. Bernard Aylward and Robert Wooldridge take responsibility for the Company's liaison with shareholders.

The Company has a significant shareholder, Suay Chin International Pte Ltd ("Suay Chin"), which owns 25.65% of the Company's issued share capital. It is a Singapore registered company which has extensive connections with the Chinese lithium market including lithium carbonate producers and lithium-ion battery manufacturers. Suay Chin has entered into a Relationship Agreement with the Company and its advisers, under which it undertakes to do all such things as it is reasonably able to

do to ensure that the Company is capable of carrying on its business independently of Suay Chin. Under this agreement, it also has the right to appoint a Director to the Board of Kodal and Qingtao Zeng has been appointed in this capacity. The Board is supported by the Audit & Risk Committee and the Remuneration & Nomination Committee. The reports of those committees are set out below. The Board continues to monitor its governance framework on an ongoing basis. The Directors have not engaged the services of external governance advisers

Principle 10.

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

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy and financial position. All material information is released to the London Stock Exchange via RNS announcements which are then made available on the Company's website. The Company prepares and updates a corporate presentation which is also available on its website along with other news and information about the Company and its operations.

As detailed in Principle 2 above, the directors believe that the Company has an effective and well-established programme for communicating with both its institutional and private shareholders. The Company will disclose the outcome of all shareholder votes on its website and in the case of 20% of independent votes being cast against a resolution, provide an explanation of the actions that will be taken to enable the Board to understand the reasons for this result and any future actions it will take to address such concerns. The Company's website contains historic annual reports for the past five years and going forward, notices of general meetings will be retained on the website for a period of five years.

Report from the Audit & Risk Committee

The Audit & Risk Committee comprised Robert Wooldridge and Qingtao Zeng and was chaired by Robert Wooldridge during the year; Charles Joseland has taken over as chair of the committee with effect from his appointment in April 2019. The Committee meets at least twice a year to consider the integrity of the financial statements of the Group, including its annual and interim accounts, the accounting policies and auditor reports, as well as the terms of appointment and remuneration for the auditors, the effectiveness of the Group's internal controls and risk management systems, and external compliance matters. The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. During the year the Board considered a report on the status of the internal financial controls, systems, policies and procedures of the Group.

No material weaknesses were identified, and the Company has developed an action plan to further enhance procedures in some areas over the short and medium term. The Committee met with the auditors to discuss their audit plan and scope of work, and also the findings from their audit. There was specific focus on the fair presentation of the Company’s exploration and development activities, the assumptions underlying the calculation of warrants and share options, the carrying value and any potential impairment of the evaluation and exploration assets and inter-company balances, compliance with laws and regulations including the status of the licences, and the going concern assumption.

The Committee also considered the process for identifying and considering risks and their mitigating actions, and their disclosure in the Annual Report on pages 22 to 24. They also considered the need for an internal audit function but decided the size and complexity of the Group did not justify it at present. However, it will keep this decision under annual review.

Report from the Remuneration & Nomination Committee

The Remuneration Committee performs both remuneration and nomination functions and during the year ended 31 March 2019 comprised Robert Wooldridge (Chair) and Luke Bryan. The committee membership has been revised in the current year to include Robert Wooldridge (Chair), Qingtao Zeng and Charles Joseland. It meets as and when required but at least annually. The purpose of the remuneration function is to ensure that the directors are fairly rewarded for their individual contributions to the overall performance of the Group, to determine all elements of the remuneration of the executive directors and to demonstrate to the Group’s shareholders that the remuneration of the directors is set by a Board committee whose Chairman has no personal interest in the outcome of the committee’s decision and will have appropriate regard to the interests of the shareholders. The purpose of the nomination function is to identify and nominate potential new directors to the Board as considered necessary and make recommendations on such appointments to be considered by the Board as a whole.

Results of the Annual General Meeting (“AGM”)

A poll was held on each of the resolutions proposed at the AGM on 30 September 2019, all the resolutions were passed and the voting results are set out in the table below;

	Resolution	for	%	Against	%	Withheld
1	To receive the Report and Accounts	2,559,807,663	98.22%	46,326,852	1.78%	210,000
2	To re-appoint Bernard Aylward	2,559,569,037	98.21%	46,775,478	1.79%	-
3	To re-appoint Charles Joseland	2,559,569,037	98.21%	46,775,478	1.79%	-
4	To re-appoint Mark Pensabene	2,559,569,037	98.21%	46,775,478	1.79%	-

5	To re-appoint RSM Audit (UK) LLP as auditors	2,559,569,037	98.21%	46,775,478	1.79%	-
6	To authorise the Directors to fix the auditors' remuneration	2,559,569,037	98.21%	46,775,478	1.79%	-
7	To renew the authority to allot shares	2,559,569,037	98.21%	46,775,478	1.79%	-
8	To approve the disapplication of pre-emption rights	2,559,569,037	98.22%	46,326,852	1.78%	1,128,626

Robert Wooldridge
Non-Executive Chairman
October 2019