



CHIEF EXECUTIVE'S CORPORATE GOVERNANCE STATEMENT

28 September 2018

Overview

As CEO of African Battery Metals plc (**ABM, We,** or the **Company/Group** as the context requires), it is my responsibility to ensure that ABM has both sound corporate governance and an effective Board. As CEO of ABM, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that good information flows freely between Executives and Non-Executives in a timely manner. Ordinarily this role would be carried out by an Independent Non-Executive Chairman. Unfortunately, ABM does not have a Chairman at this point, hence the role of overseeing the Company's corporate governance falls to me as CEO.

ABM has decided to adopt the Quoted Companies Alliance Corporate Governance (**QCA Code**) in line with the London Stock Exchange's recent changes to the AIM Rules, requiring all AIM-listed companies to adopt and comply or explain non-compliance with a recognised corporate governance code. This report follows the structure of these guidelines and explains how we have applied the guidance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below.

ABM understands that application of the QCA Code supports the Company's medium to long-term success whilst simultaneously managing risks and providing an underlying framework of commitment and transparent communications with stakeholders.

Key governance related matters that have occurred during the year include the Company's formal adoption of the QCA Code and some Board changes. The Board now consists of 2 Non-Executive Directors, Iain Macpherson and Scott Richardson Brown, and 2 Executive Directors, Roger Murphy and Matt Wood. The recruitment of additional Board Directors, including a new Chairman, is a key area of Board focus.

QCA Principles

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

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders through becoming a significant explorer, developer and ultimately miner of the battery metal commodity suite, particularly cobalt, lithium, copper and nickel. ABM's strategy is to identify highly prospective opportunities at various stages of development in proven jurisdictions to acquire or farm into, that with investment and development have the potential to re-rate quickly and impact shareholder value.

Future developments to provide for long-term growth are outlined on page 8 of the Company's circular to shareholders dated 8 August 2018.

The Company intends to deliver shareholder returns through capital appreciation and, in future, distribution via dividends. Challenges to delivering the above strategies, long-term goals and



shareholder value include mineral exploration risks, environmental risks and health risks, all of which are outlined in the Risk Management section below, as well as steps the Board takes to protect the Company and mitigate these risks, thus securing a long-term future for the Company.

2. Seek to understand and meet shareholder needs and expectations

ABM places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. The Company seeks to provide effective communication through Interim and Annual Reports, along with Regulatory News Service announcements on the Company website, www.abmplc.com. The Company also has a News Archive section on the website, enabling investors to easily access a range of archived reports and previous updates, as well as a Shareholder Circulars page including key business and corporate governance updates.

ABM is committed to maintaining a healthy dialogue between the Board and all of its shareholders to enable shareholders to come to informed decisions about the Company. This is achieved through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend. The Company is open to receiving feedback from key stakeholders, and will take action where appropriate. The key contact for shareholder liaison is Roger Murphy.

Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, interviews, presentations and key reports.

The Company also engages the services of St Brides Partners who assist with ABM's public relations, ensuring information is accessible to stakeholders and released in a timely and informative manner. St Brides Partners also seek to encourage and facilitate shareholder engagement.

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 the Company is reliant upon the ongoing support of its shareholders and the efforts of its stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company prepares a detailed budget which takes into account a wide range of key resources, including drill contractors and countries of operation.

The Group operates a very lean structure, engaging with contractors, where relevant, thereby reducing the level of the Group's fixed overheads. From 28 September 2018, the Group only has Directors as employees. In the past, employees of the Group have been valued members of the team, and the Company sought to implement provisions to retain and incentivise its employees. The Group would expect to continue with these provisions in the future. The Company also has an Anti-Bribery Policy in place in order to discourage unethical business conduct in the Company.

ABM also ensures that any disturbances to the environment during the exploration phase of its projects are generally minimal and will be rehabilitated in accordance with the prevailing regional regulations.

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



The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms.

The Board is responsible for providing entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risks to be managed and assessed against the Company's strategic aims. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks in a timely manner. The Board ensures that corrective action is taken and that risks are identified as early as practically possible, as well as being responsible for reviewing the effectiveness of internal financial controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Audit Committee reviews reports from the Company's auditors relating to the internal control systems in use throughout the Group in order to determine the adequacy and efficiency of internal control and risk management systems.

The risk assessment matrix below sets out and categorises key risks, and outlines the mitigating actions that are in place. This matrix is updated as changes arise in the nature of risks or the mitigating actions implemented, and the Board reviews risks on a regular basis. The following principal risks and mitigating actions have been identified:

Activity	Risk	Impact	Mitigating actions
Operational	Exploration risk	The Group's business is mineral exploration and evaluation, which are speculative activities. There is therefore no certainty that ABM will proceed to the development of any of its projects or otherwise realise their full value.	The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available and where leading exploration consultants believe there is strong evidence of high class mineral deposits.
Operational	Environmental risk	Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project, thus halting the project and associated plans.	The Group mitigates this risk as any disturbance to the environment during the exploration phase is generally minimal.

Operational	Interruption of activity due to political unrest	All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.	The Board has an in-depth working knowledge of all operating countries and will seek external when necessary. This deep understanding helps to reduce possible political risks.
Operational	Health risk	Virus outbreaks may represent a threat to maintaining a skilled workforce in the mining industry in Africa and become a healthcare challenge. If this occurs, there can be no assurance that the Company would not lose members of its contract labour force, or be faced with increased demand from expatriate contractors wanting to return to the UK or refusing to go to Africa, which could have a material adverse effect on the Company's financial condition and results of operation.	The Group is not currently reliant on a significant number of expatriate employees its operating countries.
Financial	Equity funding	The Company has an ongoing requirement to fund its activities through the equity markets. There is no certainty such funds will be available when needed.	To date the Company has managed to raise funds primarily through equity placements despite the very difficult market that currently exists for raising funding in the junior mining industry.



An internal audit function is not yet considered necessary as day to day control is sufficiently exercised by the Company's Executive Directors. However, the Board will continue to monitor the need for an internal audit function.

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

The Board currently comprises of 2 Executive Directors, Roger Murphy and Matt Wood, who is a part-time Director, and 2 Non-Executives, Iain Macpherson and Scott Richardson Brown. There is currently no formal Chairman appointed to ABM, but Roger Murphy, ABM's CEO, is currently acting as the Company's Chair during Board meetings. The Board is actively searching for a suitable Chairman.

Scott Richardson Brown is considered to be an Independent Director. Iain Macpherson is a founding shareholder of Madini Minerals, ABM's strategic partner, exploration project manager and a shareholder of ABM, therefore is not considered Independent.

The Board recognises the long-term need for an Independent Non-Executive Director, who may also be a Chairman, and shall continue to review this as the Company grows and in proportion to costs. The Board also notes that the QCA recommends that there be two Independent Non-Executives. Therefore the Board acknowledges that, at its current stage of development, it does not comply with Principle 5. However, the Board is currently in the process of recruiting additional Directors, and further the Board maintains that its composition will be frequently reviewed as the Company develops.

Meetings are open and constructive, with every Director participating fully. The Company holds regular board meetings and, in order to be efficient, the Directors meet formally and informally both in person and by telephone. Prior to each Board meeting, Directors are sent an agenda and Board papers as appropriate for matters to be discussed. Additional information is provided when requested by the Board or individual Directors. Corporate governance issues are discussed at Board meetings.

The Company has an Audit Committee. The Audit Committee has the necessary skills and knowledge to discharge its duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee prior to meetings, allowing time for full consideration and necessary clarifications before the meetings. The Company does not consider it necessary at the current time to have a Remuneration or Nominations Committee, however this will be kept under review as the Company develops.

Mr Wood works for approximately 78 days per year, Mr Macpherson works for a minimum of 36 days per year and Mr Richardson Brown works for not less than 24 days per year.

Since January 2018, there have been 10 Board meetings, each attended by all Directors. ABM has held two Audit Committee meetings since January 2018 attended as follows:

	Attendance at Audit Committee Meetings
Mr Wood	2
Mr Macpherson	1 *
Mr Richardson Brown	0 *



* Mr Richardson Brown replaced Mr Macpherson as a member of the Audit Committee on 28 August 2018.

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

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

The Company's Board includes Directors from a range of industries including the engineering, accounting and finance, and natural resources sectors. The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, providing the ability to deliver the Company's strategy for the benefit of shareholders over the medium and long-term. The Non-Executive Directors maintain ongoing communications with Executives between formal Board meetings.

Biographical details of the Directors can be found on the Company's website.

Liam O'Donoghue of ONE Advisory Limited has been contracted by the Company to act as ABM's Company Secretary, and has been given the responsibility for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Board maintain excellent standards of corporate governance. ONE Advisory Limited provides Board support through assistance with Board and shareholder meetings and MAR compliance.

All Directors have access to independent professional advice, if required.

The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

The Board as a whole will seek to take into account any Board imbalances for future nominations, with an area taken into account being gender balance.

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

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would be beneficial for the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it intends to expand the Board and, with the Board expansion, re-consider the need for Board evaluation.

The Board as a whole is responsible for Board and senior management nominations and the Directors submit themselves for re-election at the AGM in accordance with the Company's articles.

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

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. 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 an open and respectful dialogue with shareholders, contractors, regulators 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 importance 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, and will operate where applicable, a Share Dealing Code for Directors and applicable employees under the equivalent terms to those provided by Rule 21 of the AIM Rules for Companies.

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

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. The Board reviews the Company's corporate governance arrangements regularly and expect to evolve these over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

There have been a number of recent changes in governance at ABM. Post year-end, there were two Board resignations from Howard Baker (NED) and Nicholas Warrell (COO), in October 2017 and November 2017 respectively. Furthermore, Scott Richardson Brown was recently appointed as an Independent Non-Executive Director in August 2018.

Whilst the Board understands that the Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders, this role is currently being undertaken by Roger Murphy (CEO) as the Company currently does not have a Non-Executive Chairman. The Board is considering appointing a Chair in due course. Roger Murphy is also the main point of contact for shareholder and key stakeholder liaison.

In Roger Murphy's capacity as CEO, he has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's corporate strategies and policies and for the day-to-day management of the business. As stated above, the Board recognises the long-term need for an Independent Non-Executive Chair and are searching for an appropriate fit.

The Non-Executives are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

Whilst the Board has not formally adopted appropriate delegations of authority setting out matters reserved to the Board, there is effectively no decision of any consequence made other than by the Directors. All Directors participate in the key areas of decision-making, including the following matters:

- Formulating, reviewing and approving the Company's strategy;
- Formulating, reviewing and approving the Company's budget;



- Formulating, reviewing and approving the Company's exploration projects;
- Establishing a framework of prudent and effective controls which enable risks to be managed and assessed;
- Ensuring the necessary financial and human resources are in place for the Company to meet its objectives; and
- Setting the Company's values and standards.

The Board delegates authority to one Committee (Audit Committee) to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Audit Committee meets independently of Board meetings.

Audit Committee

The Audit Committee comprises of Matt Wood (Chair) and Scott Richardson Brown, both of whom are Fellows of the Institute of Chartered Accountants in England and Wales. The Audit Committee determines and examines matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the half yearly and annual accounts and the accounting and the internal control systems in use throughout the Group. The Audit Committee meets as and when appropriate and at least twice a year.

Remuneration Committee

The Remuneration Committee is not a separate standalone Committee of the Board, rather it comprises of all Directors and is chaired by Roger Murphy. The Remuneration Committee reviews and makes recommendations in respect of Executive Directors' remuneration and benefits packages, including share options and warrants and the terms of appointment. The Remuneration Committee meets as and when appropriate and at least twice a year.

Given that the Board comprises only four Directors, a standalone Remuneration Committee is not considered appropriate. As the size of the Board grows, a standalone Remuneration Committee will be formed.

Nomination Committee

The Company does not consider it necessary at the current time to have a Nominations Committee and the Board as a whole is responsible for Board and senior management nominations. The merits of constituting a separate Nominations Committee will be kept under review.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

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

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders and other relevant stakeholders. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations), and for them to 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. The Board already discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board has committed to publishing proxy voting results on its website in future. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The latest Corporate Documents (including Annual Reports) can be found on the Company's website.

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