Jangada Mines plc / EPIC: JAN.L / Market: AIM / Sector: Mining

OUR CORPORATE GOVERNANCE CODE

Statement of compliance with the QCA Corporate Governance code

Chairman's Introduction

The Directors recognise the importance of and are committed to high standards of corporate governance. The corporate governance framework within which the Jangada Mines Group operates, including Board leadership and effectiveness, Board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operation of the business.

My role as Executive Chairman effectively combines the roles of chairman and chief executive although, in practice, much of the day-to-day running of the Company's operations is delegated to the Chief Operating Officer who is not a director of the Company. Whilst, this does not satisfy the QCA statement that the "chair must have adequate separation from the day-to-day business to be able to make independent decisions", this reflects both the entrepreneurial nature and early stage of development of the Company and its business and the continued combination of the two roles will be reviewed as the business develops further.

The Board of Directors currently comprises an Executive Chairman, and three non-executive directors. It is the main decision-making body of the Company, being responsible for: a) the overall direction and strategy of the Company; b) monitoring performance; c) understanding risk, and d) reviewing controls. It is collectively responsible for the success of the Company. The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively. The Chairman is ultimately responsible for the implementation and practice of sound corporate governance.

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage of its development in accordance with general market practice.

The Board maintains a regular dialogue with Strand Hanson, its nominated adviser, and obtains legal, financial and other professional advice as required to ensure compliance with the AIM Rules and other governance requirements.

In the statement below, we explain our approach to governance, and how the Board and its committees operate. It is the role of the Board to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision making. Effective corporate governance is an essential part of that role, reducing risk and adding value to our business.

Brian McMaster, Executive Chairman

Change to Corporate Governance regime

Changes to the AIM Rules on 30 March 2018 require AIM companies to apply a recognised corporate governance code from 28 September 2018.

Of the two widely recognised formal codes, the Board has decided to adhere to the Quoted Companies Alliance Corporate Governance Code (the QCA Code), which was revised in April 2018.

i. The QCA Code is constructed around ten broad principles and a set of disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances and below we provide an explanation of the approach taken in relation to each. The Board considers that the only departure arises under principles 5 and 7 where, given its small size, the Chairman and CEO roles are combined, and the Company has no formal succession planning process or board performance evaluation in place, respectively. The Company has a clearly articulated strategy and business plan as the holding company of a Brazilian mining operation that is focussed primarily on development of its vanadium asset. Our business model has been to discover and develop highly prospective, low-risk projects with low-cost production. Recognising the difficulties of financing PGM projects in the UK market, the Board was able to dispose of its interest in the Pedra Branca PGM Project, and focused its efforts on proving up the vanadium potential of Pitombeiras. The Board believes that there is strong support for vanadium as an asset class and considers that it's in the best interests of shareholders to focus the Company's resources on pursuing the development of Pitombeiras.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company recognises that maintaining strong communications with its shareholders promotes transparency and will drive value in the medium to long-term. As such, the Group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood.

We communicate with shareholders through the Annual Report and Accounts and Interim Accounts, full-year and half-year announcements thereto, trading updates and other regulatory announcements and the Annual General Meeting (AGM).

The Directors actively seek to build relationships with both private and institutional shareholders and potential investors. The Executive Chairman and Chief Operating Officer, who is not a director of the Company, also give regular presentations to investors, including one-to-one meetings with major shareholders in addition to specific meetings with shareholders relating to major transactions.

An up to date information flow is also maintained on the Company’s website (www.jangadamines.com) which contains all press announcements and financial reports as well as extensive operational information on the Company’s activities.

The Board also encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of the year’s activity and the corporate outlook for the Company.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. In addition to its shareholders, these include the Group’s employees, customers, local partners, and suppliers. The Group’s operating and working methodologies take account of the need to balance the needs of all stakeholder Groups while maintaining focus on the Board’s primary responsibility to promote the success of the Group for the benefit of its shareholders as a whole. The Group endeavours to take account of feedback received from stakeholders, making amendments to arrangements and plans where appropriate and where such amendments are is consistent with the Group's longer term strategy.

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

The Board reviews risks facing the business on a regular basis. The identified principal risks and uncertainties are outlined in the Corporate Governance section of the Annual Report and Accounts of the Company.

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and delegation of authority.

The annual budget and forecasts are reviewed by the Board prior to approval being given. This includes the identification and assessment of the business risks inherent in the Company along with associated financial risks.

The Directors have established a system of financial controls and reporting procedures which they consider to be appropriate given the size of and structure of the Group. These controls will be reviewed following any significant acquisitions by the Group and adjusted accordingly. The key procedures include:

- budgeting programme with an annual budget approved by the Board;
- review by the Board of actual results compared with budget and forecasts;
- establishment of procedures for acquisitions, capital expenditure and expenditure incurred in the ordinary course of business;
- reporting to the Board on changes in legislation and practices within the sector and accounting and legal developments pertinent to the Company;
- appointing experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance.

The Company's auditors are encouraged to raise comments on internal control in their management letter following their audit, and the points raised and actions arising are monitored through to completion by the Audit Committee.

Other areas that will be subject to ongoing review as the Company grows will include regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity).

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chairman

<u>The Board</u>

The Board, whose size is commensurate with the Company' s current stage of development, consists of one Executive Director, Brian McMaster (Executive Chairman) and two Non-Executive Directors, Luis Azevedo (NED) and Nicholas von Schirnding (Independent NED). The Board notes that the QCA Code recommends an AIM company have at least two independent Non-Executive Directors on its Board and so the Company is not currently in compliance with this aspect.

In the past year, all of the directors attended all board meetings held.

Description of Roles

The Chairman is responsible for overseeing the running of the Board and ensuring its effectiveness, and that no individual dominates the Board's decision-making. He is also responsible for making sure that the Board operates in the interests of the shareholders and other stakeholders. Additionally, the Chairman is responsible for managing the day-to-day business activities and for the implementation of the strategy, working with the Chief Operating Officer and senior managers.

The Chief Operating Officer's primary role is to manage and plan the operations at Pitombeiras.

The role of Chairman and Chief Executive are not separate. However, given the size of the Company, its stage of development and the seniority and experience of the non-executive directors, the directors believe that there is an effective counter-balance on the Board which is perfectly appropriate for the Group.

The Non-Executive Directors constructively challenge and help to develop strategy, whilst also scrutinising the performance of management.

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

The Directors believes that the composition and breadth of experience of the Board are appropriate for the Group at present and that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. The skills and experience required for the next stage in the Group's development are kept under continual review and appropriate actions taken when needs are identified.

The biographies of the members of the Board are published on the Company's website and in the Company's Annual Report and Accounts.

The Articles of Association require that one-third of Directors must stand for re-election by shareholders at every AGM. However, the Board has adopted a policy whereby all Directors retire and stand for re-election every year.

The Company has appointed a professional Company Secretary in the UK who assists the Chairman in preparing for effective board meetings, including the timely dissemination of appropriate information. The Company Secretary provides advice and guidance to the extent required by the board on the legal and regulatory environment.

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

The Company does not currently undertake a formal annual evaluation of the performance of the Board or individual Directors but will consider doing so at an appropriate stage of its development in accordance with general market practice.

Given its small size, the Company has no formal succession planning process in place. Recommendations for Board-level and other senior appointments are put to the Board by the Nominations Committee for approval by the Executive Chairman.

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

The Board is committed to delivering high standards of corporate governance, a key element of which is managing the Company in a socially responsible way. We are mindful of the Company's impact on our all our stakeholders, including employees, clients, suppliers, shareholders and local communities.

The Board believes that a healthy corporate culture both protects and generates value for the Company and we see this as an asset in its own right. We therefore seek to operate within a corporate culture that is based on sound ethical values and behaviours. These values, which we seek to instil throughout the Company, include integrity, respect, honesty and transparency. As a small company, these characteristics are far more visible to staff than might otherwise be the case.

We aim to continually improve our work in these areas and will maintain a quality system appropriate to the standards required for a Company of its size.

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

The Board provides strategic leadership for the Group and operates within the scope of a robust corporate governance framework. The Executive Chairman and the Chief Operating Officer have day-to-day responsibility for the operational management of the Group's activities. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions.

Matters Reserved for the Board

The Board operates both formally, through Board meetings, and informally, through regular contact amongst Directors. High-level decisions on such matters as strategy, financial performance and reporting, dividends, risk management, major capital expenditure, acquisitions and disposals are reserved for the Board or Committees.

Appointment of Directors

The Board formally approves the appointment of all new Directors, following consideration of the recommendation from the Nomination Committee. All Directors are required to submit themselves for re-election at each Annual General Meeting following their appointment.

Board Committees

The Board has three Committees, each with their own specific areas of responsibility – Audit, Remuneration and Nomination. Each Committee meets in accordance with its Terms of Reference and on an ad hoc basis as required.
Audit Committee

Terms of Reference:

The Audit Committee operates under Terms of Reference agreed by the whole Board.

Activities:

In particular the Committee is responsible for:

- ensuring that the financial performance of the Group is properly monitored and reported;
- monitoring and reviewing formal announcements relating to financial performance;
- meeting the auditors and agreeing audit strategy;

- reviewing reports from the auditors and management relating to accounts and internal control systems; and
- making recommendations to the Board in respect of external auditor appointment and remuneration.

The Committee reports to the Board on any matters in respect of which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken. The members of the Audit Committee are Nicholas von Schirnding (Chairman) and Brian McMaster.

Remuneration Committee

Terms of Reference:

The Remuneration Committee operates under Terms of Reference agreed by the whole Board.

Activities:

The Remuneration Policy developed by the Committee and details of each Director's remuneration are presented in the Directors' Remuneration Report of the Annual Report and Accounts. The members of the Remuneration Committee are Nicholas von Schirnding (Chairman) and Luiz de Azevedo.

Nomination Committee

Terms of Reference:

The Nomination Committee operates under Terms of Reference agreed by the whole Board.

Activities:

In particular, the Nomination Committee is responsible for:

- identifying the skills and experience required for the next stage in the Company's development;
- keeping close watch on succession planning and possible candidates for future board roles; and
- providing assistance to the Chairman of the Board in taking steps to remove any underperforming director.

The members of the Nomination Committee are Nicholas von Schirnding (Chairman) and Brian McMaster.