

CORPORATE GOVERNANCE STATEMENT

As Chairman, it remains my responsibility, working with my fellow Board members, to ensure that good standards of corporate governance are embraced throughout the Company. As a Board, we set clear expectations concerning our culture, values and behaviours. We firmly believe that by encouraging the right way of thinking and behaving across all our people, our corporate governance culture is reinforced, enabling us to conduct business sustainably, responsibly, and deliver value for our shareholders.

It is the Board's role to ensure that the Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that role, reducing risk and adding value to our business.

The Company has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). This statement sets out how the Company complies with, and where relevant departures from, the 10 principles of the QCA Code.

Louis Coetzee
Executive Chairman

20 September 2018

1. STRATEGY & BUSINESS MODEL

Katoro Gold's primary focus is on advancing and developing its Tanzanian projects including the Imweru and Lubando Projects. The Company is also in the process of reviewing other exploration and mining projects in the region, which resulted in the recent announcement of the Company's conditional acquisition of the Haneti nickel project in Tanzania, with a view to building a diversified mining portfolio. Accordingly, the majority of Katoro's resources will be used to fund the continued development of the Company's Tanzanian projects and subject to completion, the proposed initial work programme for the Haneti nickel project.

The Board sets the Company's strategy and monitors its implementation through management and financial performance reviews. It also works to ensure that adequate resources are available to implement strategy in a timely manner. The Company has set out a strategy and business model to promote long-term value for shareholders and will update all shareholders on this in the annual reports for each year.

The Board meet on a regular basis to discuss the strategic direction of the Company and any significant deviation or change will be highlighted promptly should this occur.

2. UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS

The Company is committed to listening to, and communicating openly with, its shareholders to ensure that its strategy, business model and performance are clearly understood. The Company regards the annual general meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.

In addition, the Company's progress on achieving its key targets are regularly communicated to investors via presentations and through its announcements to the market which can be found [here](#).

The Company also utilises other professional advisers such as the Company's NOMAD, Broker, Auditor, Investor and Media Relations Adviser and the Company Secretary who provide advice and recommendations on shareholder communication.

Contact details are provided on the Company's website and within public documents should shareholders wish to communicate with the Company.

3. TAKING INTO ACCOUNT WIDER STAKEHOLDER & SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Board recognise their responsibilities to stakeholders including staff, suppliers and customers and those within the community it operates in. The Board led by the Executive Chairman are also responsible for fostering and improving open communication and contact with relevant stakeholders of the Group.

To contact the Company stakeholders can request further information at info@katorogold.com.

4. EMBEDDING EFFECTIVE RISK MANAGEMENT

The Board regularly reviews the risks facing the business and the internal controls which are in place to address risks. In order to support its duties and responsibilities the Board implements control procedures that assess and manage risk and ensure robust financial and operational management within the Company. The principal risks that the Company is exposed to can be classified under the general headings of exploration risk, commodity risk, price risk, currency risk and political risk. A more detail analysis of the principal risks can be found on pages 4-6 within the Company's [annual report](#).

Although there is no specific committee tasked with identifying, analysing and reporting on risk during the financial period, it is nevertheless part of the everyday function of the Directors and is managed at Board level.

Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the Company are appropriate to the business.

5. MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD

The Board acknowledge their responsibility for, and recognise the importance of implementing and maintaining, high standards of corporate governance. The Board is responsible for establishing and maintaining the system of internal controls. The Company subscribes to the values of good corporate governance at all levels and is committed to conduct business with discipline, integrity and social responsibility.

The Board

The Board currently comprises of an Executive Chairman and four Non-executive Directors.

The QCA Code recommends that the Chair and Chief Executive should not be the same person. Currently Louise Coetzee acts as Chairman and Chief Executive. The Directors believe that given the size of the Company and its stage of development, it is appropriate for the Company to currently have an Executive Chairman, though they will continue to monitor this on an ongoing basis as the Company grows and develops. For the same reason, the Board have not appointed a senior independent director.

All Directors ensure that appropriate governance procedures are adhered to and there is a clear division of responsibilities at Board level to ensure a balance of power and authority so that no one individual has unfettered powers of decision making. Board and Audit Committee meetings have been taking place periodically and the Executive Chairman manages the daily Company operations with Board meetings taking place on a regular basis. During 2017, the Board met 14 (fourteen) times.

The Board is responsible for effective control over the affairs of the Company, including: strategic and policy decision-making financial control, risk management, communication with stakeholders, internal controls and the asset management process.

The Directors are entitled, in consultation with the Chairman, to seek independent professional advice about the affairs of the Company, at the Company's expense.

Audit Committee and Risk Committee

The Audit Committee consists of Paul Dudley as Chairman, Myles Champion and Tinus Maree. The Audit Committee has set out its roles and responsibilities within its charter and ensured that it is aligned to good financial governance principles.

These include:

- the establishment of an Audit Committee to guide the audit approach, as well as its modus operandi and the rules that govern the audit relationship;
- assess the processes relating to and the results emanating from the Group's risk and control environment;
- monitoring the integrity of the Group's integrated reporting and all factors and risks that may impact on reporting;
- annually reviewing the expertise, appropriateness and experience of the finance function;
- annually nominating the external auditors for appointment by the shareholders;
- reviewing developments in governance and best practice;
- foster and improve open communication and contact with relevant stakeholders of the Group; and
- assessing the external auditor's independence and determining their remuneration.

The Audit Committee further sets the principles for recommending the external auditors for non-audit services use.

The Audit Committee is expected to meet twice during the year to, *inter alia*, review the published financial information.

The terms of reference for the Audit and Risk Committee can be found [here](#).

Remuneration Committee

The members of the Remuneration Committee are Myles Champion as Chairman, Paul Dudley and Tinus Maree.

The purpose of the Remuneration Committee is to discharge the responsibilities of the Board relating to all compensation, including equity compensation of the Company's Executives. The Remuneration Committee establishes and administers the Company's executive remuneration with the broad objective of aligning executive remuneration with Company performance and shareholder interests, setting remuneration standards aimed at attracting, retaining and

motivating the executive team, linking individual pay with operational and Company performance in relation to strategic objectives; and evaluating compensation of executives including approval of salary, equity and incentive-based awards.

The committee is empowered by the Board to set short, medium and long-term remuneration for the Executive Directors. More generally, the committee is responsible for the assessment and approval of a Board remuneration strategy for the Group.

The committee met once during the current year as there was no need to review its strategy.

The terms of reference for the Remuneration Committee can be found [here](#).

Nomination Committee

The members of the Nomination Committee are Myles Champion as Chairman, Paul Dudley and Tinus Maree. The Nomination Committee is responsible for considering and making recommendations to the Board in respect of appointments to the Board. It is also responsible for keeping the structure, size and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary, as well as succession planning, taking into account the skills and expertise that will be needed on the Board in the future. The committee did not meet during the current year as there was no need to review its strategy.

The terms of reference for the Nominations Committee can be found [here](#).

Disclosure and AIM Rules Compliance Committee

The members of the AIM Rules Compliance Committee are Paul Dudley as Chairman and Louis Coetzee. The role of the disclosure and AIM Rules compliance committee is to oversee the Company's compliance with the AIM Rules and the Disclosure Guidance and Transparency Rules which require the Company to disclose, in the prescribed manner, as soon as possible, any inside information directly concerning the Company, unless an exemption from disclosure is available.

The Disclosure Committee is also, amongst other things, responsible for maintaining and monitoring the adequacy of procedures, systems and controls for the identification, treatment and disclosure of inside information and for complying with other disclosure obligations falling on the Company under the AIM Rules, the Market Abuse Regulation and Disclosure Guidance and Transparency Rules.

The terms of reference for the Disclosure and AIM Rules Compliance Committee can be found [here](#).

6. HAVING APPROPRIATE EXPERIENCE, SKILLS AND CAPABILITIES ON THE BOARD

The Board of directors has a mix of experience skills and personal qualities that help deliver the strategy of the Company. The Company will ensure that between them that the directors have the necessary up-to-date experience, skills and capabilities to deliver the Company strategy and targets. Each director is listed on the [website](#) and in the annual report along with a clear description of their role and experience

7. EVALUATING BOARD PERFORMANCE

Given the Company's current size, the Board has not considered it necessary to undertake an assessment of the Board performance and effectiveness.

8. ETHICAL VALUES & BEHAVIOURS

The Company operates a corporate culture that is based on ethical values and behaviours. It will maintain a quality system appropriate to the standards required for a Company of its size. The Board communicates regularly with staff through meetings and messages.

9. MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES

The Board

The Board sets the direction for the Company through a formal schedule of matters reserved for its decision. The Executive Chairman implements the strategy for the Company and regularly reports to the Board on progress as well as continually engaging with the Company's shareholders and stakeholders. The Board has a schedule of matters reserved for its review and approval, such items include, Group strategy, approval of major capital expenditure projects, approval of the annual and interim results, annual budgets, dividend policy and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets, their performance in relation to those budgets and their capital expenditure. The Board delegates day-to-day responsibility for managing the business to the Executive Chairman and the senior management team.

Committees

The roles and responsibilities of the Group's committees have been explained in Principle 5.

10. COMMUNICATING WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Under AIM rule 26 the Company already publishes historical annual reports, notices of meetings and other publications which can be found [here](#).

The Board has not published Audit Committee or Remuneration Committee reports in the Company's latest annual report and accounts. The Board feels that this is appropriate given the size and stage of development of the Company.

In regards to a general meeting of the Company once the meeting has concluded the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company's website. If it became relevant an explanation of actions where a significant proportion of votes (e.g. 20% of independent votes) is cast against a resolution would be provided.