



8 August 2014

## Corporate Governance

The Board is committed to a high standard of corporate governance and has, wherever possible and practicable, adopted the provisions of the UK Corporate Governance Code as it applied to the reporting period. As an AIM listed company, Greatland Gold plc is not required to comply with the code, nevertheless, in the interests of transparency, the directors have chosen to disclose below where the group does not comply with the code's provisions.

**Board of Directors** The Board currently consists of one executive director, Callum Baxter, and two non-executive directors, Andrew Bell, who is also chairman, and John Watkins. The directors collectively bring a broad range of business experience to the Board which is considered essential for the effective management of the Company and its subsidiary. The Board meets formally twice a year in the United Kingdom and at other times by telephone as may be required by the needs of the business. The Board has full control over strategy, investment and capital expenditure and is responsible for the overall direction and performance of the Group. The day-to-day management of the Group's business is delegated to the chief executive. The Board reviews his decisions at each of its meetings.

The Board is responsible for formulating, reviewing and approving the Company's strategy of exploring and developing its assets, financial activities and operating performance. Day to day management is devolved to the Executive Director who is charged with consulting the Board on all significant financial and operational matters.

The roles of chairman and chief executive are separated, ensuring a division of authority and responsibility at the most senior level within the Group. Of the non-executive directors, Andrew Bell is considered by the Board to be independent of management and free from any relationship that could materially interfere with the exercise of his independent judgment. Having provided professional services to the company in the past, John Watkins is not therefore considered to be independent.

The Board has agreed not to appoint a senior independent director. Given the size of the organisation and the nature of the Company's shareholder base, the Board is of the view that the appointment of a senior independent director would not assist further in communication with shareholders at this time. Shareholders are welcome to approach the chairman should they feel that contact through other channels is inappropriate.

To enable the Board to function effectively and allow directors to discharge their responsibilities, full and timely access is given to all relevant information. A comprehensive set of Board papers including the latest monthly and year-to-date accounts compared to budget is presented to the board at each of its regular meetings.

All directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are observed. Any director wishing to do so may take independent professional advice at the expense of the company.

The Group intends to continue to explore for minerals and to enter into joint ventures in Australia, and by this means to generate value for Shareholders.

Biographies of the Board may be reviewed by clicking [here](#).

Each director serves for a period of three years subject to election by the Shareholders at the Annual General Meeting at the end of which re-election is possible subject to Board agreement.

**Board Committees** The Board has a supporting committee structure in line with the proposals of the Corporate Governance Code. The Board has two committees, namely the **Audit Committee** and the **Remuneration Committee**, as described below. Given the size and nature of the group, a Nominations Committee is not considered necessary.

**Audit Committee** The Audit Committee comprises John Watkins, chairman and Andrew Bell. The Committee meets at least twice a year and monitors and reviews the financial reporting of the group from information provided by the management and auditors. It also considers the objectivity, independence and cost effectiveness of the external auditors. Its responsibilities include review of the group's controls and procedures for the evaluation, monitoring and management of risks, advising the Board on the group's risk strategy and review of the group's compliance with its regulatory obligations. The chief executive is invited to attend the Audit Committee meetings as required.

The Committee reviews the interim and annual results and considers the significant accounting policies, ensuring compliance with accounting standards, and considers reports from the external auditor on accounting areas of judgmental issues requiring attention.

**Remuneration Committee** The Remuneration Committee meets once a year. The members of the Committee are Andrew Bell, chairman, and John Watkins. The Committee is responsible for determining the firm's remuneration policy, the terms and conditions of service of the company's executive director and other senior executives, including any individuals whose remuneration might be expected to exceed the median compensation of executive board members. In addition it determines any termination packages in respect of executive directors.

**Auditor Independence** The Audit Committee and the external auditors have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. These safeguards include the auditors' report to the Audit Committee on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence.

The overall performance and the independence of the auditors is reviewed annually by the Audit Committee taking into account the views of management. The Audit Committee also has discussions with the auditors without management being present on the adequacy of controls and on any judgmental areas.

The annual appointment of auditors by Shareholders at the Annual General Meeting is a fundamental safeguard of auditor independence, but beyond this, appropriate consideration is given to whether additional work performed by the auditors may be appropriate for sound commercial and practical reasons, including confidentiality. Examples of work that would fall into this category include regulatory advice, taxation services and financial due diligence work.

**Internal Control** The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in the light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Due to its size, the Company does not currently engage an internal audit function.

**Insurance** The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

**Treasury Policy** The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

**Confidentiality** In accordance with legal requirements and agreed ethical standards, the Directors have agreed to maintain confidentiality of non-public information except where disclosure is authorised or legally mandated. The Company employs no other staff.

**Bribery** In accordance with the provisions of the Bribery Act, all Directors have been informed and have acknowledged that it is an offence under the Act to engage in any form of bribery. The Company has an anti-bribery and whistleblowing policy in force.

**Securities Trading and Share Dealing Code** The Board has adopted the Share Dealing Code contained within the AIM Rules that applies to Directors and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to 'close periods' (usually two months prior to the publication of the interim and final audited accounts), trading can occur provided the relevant individual has received the appropriate prescribed clearance. All directors and staff are required to advise the chairman, or other designated person, of their intention to undertake a transaction in the Company's shares. Such a transaction will be prohibited if the director or employee is considered to be in possession of non-public material information.

**Communication with Shareholders** The company places a great deal of importance on communicating with its shareholders and endeavours to keep Shareholders informed through press releases, the company's website and interim and annual reports. All Shareholders are encouraged to attend, and are given at least 21 days notice of, the annual general meeting, at which an opportunity is provided to ask questions. The chief executive and chairman are in regular contact with the company's major Shareholders and other institutional investors throughout the year and they are responsible for ensuring that Shareholders' views are communicated to the board as a whole.