

Cambridge Mineral Resources plc

Corporate Governance Guidelines

1 INTRODUCTION

1.1 The Board of Directors (the “Board”) of **Cambridge Mineral Resources plc** (“**Cambridge**”) is committed to adhering to the highest possible standards in its corporate governance practices. The Board has approved the following corporate governance guidelines which provide the general framework for the governance of **Cambridge**. The Board believes that these guidelines will continue to evolve to address all applicable regulatory and stock exchange requirements relating to corporate governance and will be modified and updated as circumstances warrant.

2 BOARD RESPONSIBILITIES

Board Mandate

2.1 The Board has responsibility for the stewardship of **Cambridge** and will actively support the following measures:

- strategic planning and risk identification and review of management;
- review and approve annual operating plans and budget;
- corporate social responsibility, ethics and integrity;
- succession planning, including appointment, training and supervision of management;
- delegations and general approval guidelines;
- monitoring financial reporting and management;
- corporate disclosure and communications;
- adopting measures for receiving feedback from stakeholders;
- adopting key corporate policies designed to ensure that **Cambridge**, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct their business ethically and with honesty and integrity.

2.2 The Board will annually review and confirm the Board Mandate.

Corporate Governance

2.3 The Board has delegated responsibility to the Corporate Governance Committee for developing **Cambridge**'s approach to corporate governance, including recommending modifications to these Corporate Governance Guidelines for consideration by the Board.

3 BOARD ORGANIZATION & MEMBERSHIP

Director Selection Criteria

- 3.1 The Corporate Governance Committee is required under its charter to annually review the characteristics, qualities, skills and experience which form the criteria for candidates to be considered for nomination to the Board. The objective of this review is to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of **Cambridge**. All directors are required to possess fundamental qualities of intelligence, honesty, integrity, ethical behaviour, fairness and responsibility and be committed to representing the long-term interests of the shareholders. They must also have a genuine interest in **Cambridge**, the ability to be objective at all times about what is in the best interests of **Cambridge**, have independent opinions on all issues and be both willing and able to state them in a constructive manner and be able to devote sufficient time to discharge their duties and responsibilities effectively. The Corporate Governance Committee is mandated to identify qualified candidates for nomination as directors and to make recommendations to the Board. Directors are encouraged to identify potential candidates.

Independence

- 3.2 The Board annually reviews and makes a determination on the independence of each director in light of all applicable securities laws, rules and regulations and stock exchange rules and regulations. The determination of independence of the directors will be publicly disclosed. **Cambridge** will maintain and determine a Board with at least a majority of directors as independent.

4 BOARD COMMITTEES

- 4.1 The Board has determined that there should be four standing Board committees: (i) Audit Committee; (ii) Corporate Governance Committee; (iii) Compensation Committee; and (iv) Technical Committee. The Board will change the Board committee structure and authorize and appoint other committees as it considers appropriate.

Committee Charters and Responsibilities

- 4.2 The Board will approve a written charter for each committee setting forth the purpose, authority, duties and responsibilities of each committee. All Board committee charters will be publicly disclosed.
- 4.3 The responsibilities of the **Audit Committee** will include assisting the Board in fulfilling its oversight responsibilities with respect to:
- (a) financial reporting and disclosure requirements;
 - (b) ensuring that an effective risk management and financial control framework has been implemented by management of **Cambridge**; and
 - (c) external and internal audit processes.

- 4.4 The responsibilities of the **Corporate Governance Committee** will include assisting the Board in fulfilling its oversight responsibilities with respect to:
- (a) developing governance guidelines and principles for **Cambridge**;
 - (b) identifying individuals qualified to be nominated as members of the Board;
 - (c) structure and composition of Board committees; and
 - (d) evaluating the performance and effectiveness of the Board.
- 4.5 The responsibilities of the **Compensation Committee** will include assisting the Board in fulfilling its oversight responsibilities with respect to:
- (a) key human resources and compensation policies;
 - (b) Chief Executive Officer and executive management compensation; and
 - (c) executive management succession and development.
- 4.6 The responsibilities of the **Technical Committee** will include assisting the Board in fulfilling its oversight responsibilities with respect to:
- (a) technical matters relating to exploration, development, permitting, construction and operation of **Cambridge's** mining activities;
 - (b) the accuracy and reporting of resources and reserves on **Cambridge's** mineral resource properties;
 - (c) material commercial arrangements regarding EPCM activities;
 - (d) operating and production plans for proposed and existing operating mines;
 - (e) due diligence in the development and implementation of systems and programs for the management of health, safety, environment and social responsibility;
 - (f) ensuring **Cambridge** implements best-in-class practices;
 - (g) monitoring safety, environment and social responsibility performance; and
 - (h) monitoring compliance with applicable law related to safety, environment and social responsibility.

Membership of Committees

- 4.8 The Board has determined that the Audit Committee, the Corporate Governance Committee, and the Compensation Committee will be comprised entirely of directors determined by the Board to be independent.
- 4.9 In addition, all members of the Audit Committee will be financially literate and, if required by applicable laws, rules and regulations, at least one member will be a financial expert. Membership and independence of all committee members will be publicly disclosed.
- 4.10 After receipt of recommendations from the Corporate Governance Committee, the Board will appoint the members of the committees annually, and as necessary to fill vacancies, and will appoint the Chairman of each committee. Members of the committees will hold office at the pleasure of the Board.

Oversight of Committee Functions

- 4.11 The purpose of Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for all matters assigned to a Board committee for its determination. Except as may be explicitly provided in the charter of a Board committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by a Board committee.

5 BOARD AND COMMITTEE MEETINGS & MATERIALS

Meeting Agendas

- 5.1 The Chairman and the Chief Executive Officer, in consultation with the Corporate Secretary, will establish the agenda for each Board meeting. Each director may suggest the inclusion of additional items on the agenda. The chairman of each committee, in consultation with the Chairman, the Chief Executive Officer, and the Corporate Secretary, will establish the agenda for each committee meeting. Any committee member may suggest the inclusion of additional items on the committee agenda.

Meeting Materials

- 5.2 Board and committee meeting materials will be provided to directors before each Board or committee meeting in sufficient time to ensure adequate opportunity exists for review. If certain material is sensitive or confidential in nature, then the material will be distributed at the Board or committee meeting.

Participation of Management at Board and Committee Meetings

- 5.3 The Board believes there is value in having certain members of senior management attend Board and committee meetings to provide information and presentations regarding the business of **Cambridge** to assist the directors in their deliberations. Attendance by senior management will be determined by the Chief Executive Officer with the concurrence of the Chairman and chairmen of committees. Members of management will be excluded from

Board and committee meetings during which there are discussions of matters reserved for directors only.

Meetings of Independent Directors

- 5.4 The independent directors of the Board will hold an in camera meeting in conjunction with every regular meeting of the Board.

6 DIRECTOR COMPENSATION

- 6.1 The Board has determined that the directors should be compensated in a form and amount that is appropriate and which is customary for comparative companies, having regard to such matters as time commitment, responsibility and trends in director compensation. The Compensation Committee is mandated to review the compensation of the directors on an annual basis. All compensation paid to directors will be publicly disclosed.

Loans to Directors

- 6.2 **Cambridge** will not make any loans to any of its directors.

7 THE BOARD'S RELATIONSHIP WITH MANAGEMENT

- 7.1 The Board will support and encourage the members of management in the performance of their duties. Management will make appropriate use of the Board's skills before decisions are made on key issues. The Board has adopted and will annually review the position description for the Chief Executive Officer, which will be publicly disclosed.

Limits on Management Authority

- 7.2 The Board will approve annual business plans and budgets and will also approve general authority guidelines that place limits on management's ability to approve contractual and financial arrangements and commitments both in accordance with and outside approved budgets. All transactions, arrangements and commitments outside approved budgets and defined limits will require approval by the Board.

Evaluation of the Chief Executive Officer

- 7.3 The Compensation Committee will conduct an annual review of the performance of the Chief Executive Officer against the goals and objectives which have been established by the committee and will review, assess and recommend the compensation of the Chief Executive Officer to the Board. The Chairman of the Board and the Chairman of the Compensation Committee will advise the Chief Executive Officer of the results of the assessment.

Director Access to Management

- 7.4 All directors will have open access to **Cambridge's** senior management for relevant information. All written communications from directors to members of management will be

copied to the Chief Executive Officer or, in the case of accounting and financial matters, to the Chief Executive Officer and the Chief Financial Officer.

- 7.5 Individual directors are encouraged to make themselves available for consultations with management outside of Board meetings in order to provide specific advice and counsel on subjects where such directors have special skills, knowledge and experience.

8 DIRECTOR RESPONSIBILITIES & PERFORMANCE

Director Responsibilities

- 8.1 Directors are expected to use their skill and experience to provide oversight of the business and affairs of **Cambridge**. Directors have a statutory duty to act honestly and in good faith with a view to the best interests of **Cambridge** and to exercise the care, diligence and skill that a reasonably prudent person would in comparable circumstances.

Attendance at Meetings

- 8.2 Directors are expected to attend all Board meetings and meetings of committees of which they are members, either in person or by conference call. A director will notify the Chairman of the Board or of a committee or the Corporate Secretary if the director will not be able to attend or participate in a meeting. **Cambridge** will publicly disclose the Directors' attendance record on an annual basis. All directors are invited, but not required, to attend meetings of committees of which they are not members.

Board and Committee Meeting Materials

- 8.3 Directors are expected to review and be familiar with Board and committee meeting materials which have been provided in sufficient time for review prior to a meeting.

Outside Advisers for Individual Directors

- 8.4 Any director who wishes to engage an independent adviser to assist on matters involving the discharge of his duties and responsibilities as a director at the expense of **Cambridge** should review the request with, and obtain the authorization of, the Corporate Governance Committee.

Assessment of Board and Committee Performance

- 8.5 The Corporate Governance Committee is mandated to undertake an annual assessment of the overall performance and effectiveness of the Board and each committee of the Board and report on such assessments to the Board. The purpose of the assessments is to ensure the continued effectiveness of the Board in discharging its duties and responsibilities and to contribute to a process of continuing improvement.

Conflicts of Interest

- 8.6 Each director has a legal responsibility to disclose all actual or potential conflicts of interest and generally to abstain from voting on matters in which the director has an interest, and will excuse himself from any discussion or decision on any matter in which he is precluded from voting as a result of a conflict or which otherwise affects his personal, business or professional interests.

Directors' declarations

- 8.7 At least annually, each director will sign a declaration of compliance with **Cambridge's** policies and procedures and declare any conflicts of interest, related party transactions and confirm that that among other things he / she has not become aware of, condoned, or been a party to any payment that could be construed as a breach of the UK Bribery and Corruption legislation.

9 CORPORATE POLICIES

Annual Review of Corporate Policies

- 9.1 The Corporate Governance Committee is mandated to conduct an annual review of the following principal corporate policies and recommend updates or amendments for consideration by the Board:
- Board Mandate
 - Code of Business Conduct and Ethics
 - Anti-Bribery & Corruption Policy
 - Corporate Disclosure Policy
 - Gifts & Hospitality Policy
 - Whistleblower Policy
 - Insider Trading Policy
 - Safety, Environmental and Social Responsibility Policy
 - Authority Limits Policy

Waivers of the Code of Business Conduct and Ethics

- 9.2 The Board expects all directors, officers and employees to act honestly and ethically at all times and to adhere to **Cambridge's** Code of Business Conduct and Ethics. Any waiver of this Code with respect to a director or officer of **Cambridge** may be made only by the Board of Directors. Any such waiver will be promptly disclosed to the extent required by applicable laws or stock exchange rules and regulations.

10 DISCLOSURE

Annual Governance Reporting

- 10.1 **Cambridge** will publicly disclose its corporate governance practices in compliance with all relevant securities laws, rules and regulations and stock exchange rules and regulations.
- 10.2 All documents and information referred to in these Corporate Governance Guidelines except for the Authority Limits Policy may be accessed through the Corporate Governance section of **Cambridge's** website.

Original Approval Date: 12 August 2013

Revised:

Last Revised and Approved:

Approved by: Board of Directors