

CLUFF NATURAL RESOURCES PLC

(THE "COMPANY")

AIM COMPLIANCE COMMITTEE TERMS OF REFERENCE

1. INTRODUCTION

On 25 July 2018, the board of directors of the Company (the "Board") resolved to establish a committee of the Board to be known as the AIM Compliance Committee (the "Committee") and approved these terms of reference for the Committee.

2. MEMBERSHIP OF THE COMMITTEE

2.1 The Committee shall have at least three members. The members of the Committee must include at least one executive director and at least one non-executive director. The first members of the Committee shall be the Chief Executive Officer, the Chief Operating Officer and the Chairman.

2.2 The members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion. Membership of the Committee shall be reviewed by the Board at least once a year.

2.3 Only members of the Committee are entitled to participate in meetings of the Committee. However, other persons (such as other directors, members of senior management and external advisers) may be invited by the Committee to participate in all or part of any meeting as and when the Committee considers appropriate. It is envisaged that the Company's nominated adviser will be invited to participate in meetings of the Committee on a regular basis.

3. CHAIRMAN OF THE COMMITTEE

3.1 The Board shall appoint the chairman of the Committee from time to time and the first chairman shall be Graham Swindells.

3.2 In the absence of the chairman of the Committee (or any deputy appointed by the Board) from any meeting of the Committee, the members of the Committee participating in the meeting shall elect one of their number to chair the meeting.

4. SECRETARY OF THE COMMITTEE

The secretary of the Company (or such other person as the Committee may appoint) shall act as the secretary of the Committee.

5. **FREQUENCY OF MEETINGS**

The Committee shall meet as and when required in order to carry out its responsibilities under these terms of reference.

6. **CALLING MEETINGS**

6.1 Any member of the Committee may at any time call a meeting of the Committee, and the secretary of the Committee must call a meeting of the Committee if at any time any member of the Committee so requests.

6.2 Notice of a meeting of the Committee must be given to each member of the Committee and to any other person who is required to participate in the meeting as soon as reasonably practicable before the time of the meeting. The notice shall include the venue, time and date of the meeting details of the arrangements for participating in the meeting and an agenda of items to be discussed at the meeting. Supporting papers (if any) shall be sent to members of the Committee (and, where appropriate, to other persons who are required to participate in the meeting) at the same time as the notice of meeting (or as soon as reasonably practicable thereafter).

7. **QUORUM**

7.1 The quorum necessary for the transaction of business at a meeting of the Committee is any two members.

7.2 A duly convened meeting of the Committee in which a quorum is participating is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8. **VOTING**

8.1 Subject to these terms of reference:

(a) a decision is taken at a meeting of the Committee by a majority of the votes of the members of the Committee who are participating in the meeting; and

(b) each member of the Committee participating in the meeting has one vote.

8.2 If there is an equality of votes, the chairman of the Committee (or other person chairing the relevant meeting) has a casting vote. However, this does not apply if, under these terms of reference, the chairman of the Committee (or other person chairing the relevant meeting) is not entitled to vote on the relevant matter.

9. **CONFLICTS OF INTEREST**

9.1 Each member of the Committee must, at or prior to the commencement of each meeting of the Committee, disclose to the Committee any direct or indirect interest that he or she has in any matter to be considered at the meeting.

9.2 A member of the Committee must not participate in any discussions concerning, and is not entitled to vote in relation to, any matter to be considered at a meeting of the Committee in which he or she has a direct or indirect interest unless that interest cannot reasonably be regarded as likely to give rise to a conflict of interest.

10. **MINUTES OF MEETINGS**

10.1 The secretary of the Committee shall keep minutes of every meeting of the Committee (including, but not limited to, the names of those participating in the meeting, any interests disclosed pursuant to paragraph 9 and every decision taken at the meeting).

10.2 The secretary of the Committee shall circulate draft minutes of each meeting of the Committee to all members of the Committee promptly following the meeting. When finalised and approved, the minutes shall be circulated to all members of the Board unless it would be inappropriate to do so.

11. **DUTIES OF THE COMMITTEE**

11.1 The principal purpose of the Committee is to ensure that the Company complies with its obligations under the AIM Rules for Companies (the “**AIM Rules**”) and the Market Abuse Regulation (Regulation EU 596/2014) (the “**MAR**”) and, in particular, makes timely and accurate disclosure of all information that is required to be disclosed to meet its disclosure obligations (a) arising from the admission of its shares to trading on AIM and (b) under the MAR.

11.2 The Committee shall be responsible for:

(a) drawing up, establishing and maintaining procedures, systems and controls for the purpose of:

(i) ensuring compliance by the Company with its legal and regulatory obligations arising from the admission of its shares to trading on AIM (including, but not limited to, in particular, its obligations under the AIM Rules and under the MAR);

(ii) identifying and collecting all information which the Company is or may be required to disclose in accordance with its legal and regulatory obligations, including, but not limited to, in particular,

information which the Company is or may be required to disclose pursuant to:

- (A) Rule 11 of the AIM Rules (*General disclosure of price-sensitive information*) or any other requirement of the AIM Rules; and/or
 - (B) Article 17 of the MAR (*Public disclosure of inside information*) or any other requirement of the MAR;
- (iii) determining on a timely basis the disclosure treatment of such information, including, but not limited to, assessing whether such information is price-sensitive and/or inside information and, where disclosure is required, determining the scope, content and timing of the disclosure (including, but not limited to, making any decisions as to delaying disclosure and ensuring systems and processes are put in place to continue monitoring such information in order to determine when/if the disclosure of delayed information may be required); and
- (iv) recording, processing, summarising and verifying all information which is required to be disclosed and ensuring the accurate disclosure of such information on a timely basis

(such procedures, systems and controls being the “**Disclosure Procedures**”);

- (b) implementing the Disclosure Procedures (including, but not limited to, where appropriate, arranging for the dissemination of guidelines and training);
- (c) monitoring compliance with the Disclosure Procedures; and
- (d) periodically reviewing, evaluating and, where appropriate, updating the Disclosure Procedures and recommending changes to the Board.

11.3 The Committee shall:

- (a) ensure that it is kept fully informed at all times of all developments concerning the Company’s business or financial condition or the markets in which it operates and assess whether any such development is price-sensitive and/or inside information and whether it gives rise to a disclosure obligation;
- (b) assess whether particular information is price-sensitive and/or inside information;

- (c) assess whether any acquisition, disposal or other transaction proposed to be undertaken by the Company gives rise to a disclosure obligation;
- (d) assess whether any other matters, occurrences or circumstances concerning the Company give rise to a disclosure obligation;
- (e) take all necessary decisions regarding the scope, content and timing of disclosure of price-sensitive and/or inside information which relates to the Company and manage that disclosure, including, but not limited to, preparing announcements in respect of such information;
- (f) maintain a record of the Company's disclosures and the matters considered for disclosure but not disclosed;
- (g) review the Company's annual and interim reports, periodic trading updates, any annual general meeting statement and all other material disseminated to shareholders and the market;
- (h) review all shareholder circulars issued by the Company and all regulatory announcements made by the Company (other than announcements of a routine nature, such as dealings by directors and substantial shareholder disclosures);
- (i) oversee and review the verification process undertaken in respect of the Company's disclosures;
- (j) monitor the need for and prepare leak announcements, holding announcements and announcements in response to rumour and speculation concerning the Company;
- (k) assess market rumours and press speculation concerning the Company and make recommendations as to what response (if any) should be made;
- (l) assess whether any information contained in previous disclosures needs to be updated by way of a further announcement and, where relevant, make recommendations as to any necessary corrective action;
- (m) monitor the reporting of disclosures following publication and make recommendations as to any necessary corrective action in the event of misreporting;
- (n) monitor analysts' expectations as to the Company's performance and, where relevant, make recommendations as to any necessary corrective action; and

- (o) recommend appropriate training for officers and employees regarding the treatment of price-sensitive and/or inside information and the operation of the Disclosure Procedures.

11.4 The Committee shall carry out such other duties as may be assigned to it, and shall consider such other matters as may be referred to it, by the Board from time to time.

11.5 In carrying out its duties, the Committee shall:

- (a) liaise on a regular basis with, and take into account the advice of, the Company's nominated adviser and broker, its legal advisers and the Financial Conduct Authority, where appropriate; and
- (b) give due consideration to all applicable laws, regulations and guidance, including, but not limited to, the AIM Rules, the MAR, the Disclosure Guidance and Transparency Rules (so far as applicable to the Company), the UK Corporate Governance Code and the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies.

12. **AUTHORITY OF THE COMMITTEE**

12.1 The Committee is authorised by the Board:

- (a) to undertake such investigations and research as it considers desirable for the purpose of carrying out its duties;
- (b) to obtain, at the Company's expense, external legal or other independent professional advice on any matter within these terms of reference; and
- (c) to secure the participation of any person with relevant experience and expertise in meetings of the Committee if the Committee considers this appropriate.

12.2 The Committee is also authorised by the Board to seek any information it requires from any officer or employee of the Company in order to carry out its duties. All officers and employees will be directed to co-operate with any request for information made by the Committee.

13. **REPORTING RESPONSIBILITIES**

13.1 The Committee shall:

- (a) ensure that at least one member of the Committee is present at each meeting of the Board;

- (b) report formally to the Board on the Committee's activities (including, but not limited to, how it has discharged its duties) after each meeting of the Committee; and
 - (c) make whatever recommendations to the Board it deems appropriate on any matter within its remit where action or improvement is needed.
- 13.2 The chairman of the Committee shall attend each annual general meeting of the Company prepared to respond to any questions from shareholders concerning the Committee's activities.
- 14. **OTHER MATTERS**
- 14.1 The Committee shall be provided with:
 - (a) access to sufficient resources in order to carry out its duties (including, but not limited to, access to the secretary of the Company for assistance as required); and
 - (b) appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 14.2 The Committee shall, at least once a year, review these terms of reference and evaluate its own performance and recommend to the Board for approval any changes that it considers necessary to ensure that it is operating at maximum effectiveness.
- 14.3 These terms of reference shall be made available on the Company's website.