

Statement of Compliance with the QCA Corporate Governance Code

As a public company, Kropz recognises the importance of applying sound governance principles in the successful running of the Group.

The Board of Directors is committed to developing and applying high standards of corporate governance appropriate to the Company's size and stage of development. The Board of Directors has adopted the QCA Code, revised in April 2018, as devised by the Quoted Companies Alliance as its standard for corporate governance.

The QCA Code is constructed around ten broad principles and a set of disclosures. The Code outlines what is considered to be the appropriate arrangements for growing companies and asks companies to provide an update on the extent to which they are meeting these principles through the prescribed disclosures. On their websites, Companies are expected to set out how each principle is applied, where the Company departs from these principles, and the reasons for any departures.

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The vision of the Group is to become a leading independent phosphate rock producer and to develop into an integrated, mine-to-market plant nutrient company focusing on sub-Saharan Africa. The Directors believe the long-term outlook for fertilizer products is favourable, primarily due to a growing world population, particularly in Africa, combined with constraints on arable land, that will necessitate increased demand for phosphate-based fertilizer products, to boost crop yields. Exposure to a range of projects, with near term revenue generation opportunities, will lead to shareholder value.

The Board believes being a publicly traded company will assist in the achievement of its strategic objectives, which include taking advantage of additional opportunities in the fertilizer supply chain.

The Board is responsible for the management of the business of the Company, setting its strategic direction and establishing appropriate policies. It is the Directors' responsibility to oversee the financial position of the Company and to monitor its business and affairs, on behalf of the shareholders, to whom they are accountable. The Board also addresses issues relating to internal controls and risk management. The primary duty of the Board is always to act in the best interests of the Shareholders.

The Board regulations define a framework of high-level authorities that maps the structure of delegation below Board level, as well as specifying issues which remain within the Board's preserve.

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

The Company is committed to engaging with its shareholders to ensure that its strategy, operational and financial performance are clearly understood.

The Directors will build relationships with institutional shareholders. Shareholder relations are managed primarily by Ian Harebottle, as Chief Executive Officer. Mr Harebottle will make presentations to institutional shareholders and analysts throughout the year, mainly in London and Cape Town. The Board is kept informed of the views and concerns of major shareholders by Mr Harebottle, the Company's brokers and financial PR. Any investment reports from analysts are also circulated to the Board. I will also be available to meet with major shareholders if requested to discuss issues of importance to them.

Regular communication is maintained with all shareholders through Company announcements, the half-year Statement and the Annual Report and financial statements. The Company's AGM will be the main forum for dialogue with shareholders at which the Board will be available to answer questions raised by shareholders.

Further information is available on our website (www.kropz.com) and we have an email for queries, info@kropz.com. The website contains details of the Group and its activities, regulatory announcements, financial reports and other information of relevance to shareholders. The website is maintained in compliance with AIM Rule 26.

Regulatory announcement includes details of the website and include phone numbers to contact the Company and its professional advisors.

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

Aside from our shareholders, we have identified as our most important stakeholder groups, including our employees, our communities and the regulatory authorities in each jurisdiction.

We are focused on understanding the long-term needs of the communities we operate in and investing our time and money meaningfully in their socio-economic upliftment. The Greenheart Foundation has been established by Kropz as a non-profit entity through which its community and sustainability initiatives will be directed. The foundation focuses on social, charitable and environmental initiatives in and around the areas in which Kropz invests, develops and works.

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

Risk management is an integral part of the internal control system. Preventive, risk-mitigating measures to control risks are proactively taken at different levels within the group and are an integral part of management's responsibility.

The Group carries out an annual risk assessment and prepares a risk matrix, identifying both financial and operational risks relevant to the Group's operations. Material risks are monitored and regularly discussed with the Audit and Sustainability Committee of the Board and forms part of the Quarterly Management Information sent to the Board for discussion at board meetings. A continuous dialogue between management and the Audit and Sustainability Committee is maintained in order to assure the Group's effectiveness in this area.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board is comprised of seven Directors, five of whom are non-executive.

The non-executive Directors bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. Of the non-executive Directors, three are considered independent, while two have substantial shareholdings or represent substantial shareholders in the company and are therefore not considered to be independent.

It is the Group's policy that the roles of the Chairman and CEO are separate, with their roles and responsibilities clearly divided and recorded. A summary of their roles is as follows:

- The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution and performance of all Board members whilst identifying any development needs of the Board. He also ensures that there is sufficient and effective communication with shareholders so as to be able to understand their issues and concerns.
- The CEO is responsible for executing the strategy agreed by the Board and for developing the Group objectives through leadership of the senior executive team. He will recommend to the Board any investments or new business opportunities which meet this strategy. He also ensures that the Group's risks are adequately addressed and that appropriate internal controls have been put in place. The CEO

is responsible for meeting with shareholders and ensuring effective communication throughout the organisation. He is also responsible for the day to day management of the company, and for maintaining the highest ethical standards and integrity in the interest of the shareholders, employees, customers and the wider community.

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

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of up-to-date skills and experience, including in relevant financial, commercial and operational matters for the Company. Additional experience will be added as and when it is considered necessary.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Chief Financial Officer.

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

As the Company has recently been set up and admitted to trading on AIM, there is no history of formal evaluation.

The Board through its Chairman evaluates its ongoing performance based on the requirements of the business and corporate governance standards.

The Company has an annual process for evaluating the effectiveness of the Board and Directors' performance. This process includes the use of internal reviews and periodic external facilitation. The results of such reviews are used to determine whether any alterations are needed at either a board or senior management level or whether any additional training would be beneficial. These evaluations were not undertaken in previous years. It is intended that these evaluations shall be undertaken annually, after the end of each financial year but prior to the publication of the respective annual report and accounts.

Director's performance is measured by way of such matters as:

- Commitment
- Independence
- Relevant experience
- Impartiality
- Specialist knowledge
- Good personal qualities
- And their effectiveness on the Board

The Company's approach to succession planning is to bring talented individuals into the group at an operating level with the objective of their graduating to Board level in due course.

It is intended that the Company will include a statement in accordance with Principle 7 in the annual report and accounts for the year ending 31 December 2018.

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

The Board of Directors seeks to embody and promote a corporate culture that is based on sound ethical values and behaviours, something we see as being a cornerstone to a strong risk management program.

The Board as a whole is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

The roles of the board can be described as follows:

- to provide direction and entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risks to be appropriately assessed and managed;
- to set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance;
- to demonstrate ethical leadership, setting the Company's value and standards and ensuring that its obligations to its shareholders and others are well understood and met;
- to create a performance culture that drives value creation without exposing the Company to excessive risk or value destruction;
- to be accountable, and make well-informed and high-quality decisions based on a clear understanding of the Company's broader goals and specific objectives;
- to create the right framework for helping Directors meet their statutory duties under the Companies Act 2006, and/or any other relevant statutory and regulatory regimes; and
- to promote its governance arrangements and embrace the evaluation of their effectiveness.

The Board of Directors of Kropz plc has adopted this code of ethics, to promote the practice of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; promoting the full, fair, accurate, timely and understandable disclosure of the Company's performance and financial results in accordance with applicable disclosure standards; and to promote compliance with the applicable governmental laws, rules and regulations in each of the jurisdictions in which we operate.

The Company has an employee handbook setting out the standards of behaviour it expects of all employees. This is supported by staff training and support as it is fundamental that our people understand the needs of our culture and the regulatory environment in which the Company operates.

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

Attendance at meetings

It is expected that all Directors attend all Board and relevant Committee meetings, unless they are prevented from doing so by prior commitments, and that the Chairman and all Executive Directors attend the AGM. There are scheduled to be 4 regular board meetings per calendar year with ad hoc meetings called as required.

Where Directors are unable to attend meetings due to conflicts in their schedules, they will receive the papers scheduled for discussion in the relevant meetings, giving them the opportunity to relay any comments to the Chairman in advance of the meeting. Directors are required to leave the meeting where matters relating to them, or which may constitute a conflict of interest to them, are being discussed.

Board Committees

The terms of reference of the board committees and are available on the Company's website www.kropz.com.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of Linda Beal, Mike Daigle, Mike Nunn and myself, as Committee Chair. This Committee is responsible for reviewing the performance of the senior executives and for determining their levels of remuneration. The Committee makes recommendations to the Board, within agreed

terms of reference regarding the levels of remuneration and benefits including participation in the Company's share plan.

The Committee also considers the composition of and succession planning for the Board, and leads the process of making appointments to the Board.

I have gained considerable experience in chairing the Remuneration Committees of FTSE 100 Companies (such as SABMiller), and will chair this Committee post admission. While Mike Nunn is not deemed to be independent as a substantial shareholder, however, he has been deemed to be independent in character by the Board and has experience on the boards of public companies which the board consider will be a valuable contribution as well as being aligned with the wider shareholder interests. Machiel Reyneke, will be invited to attend the Committee meetings as appropriate.

Audit and Sustainability Committee

This Committee consists of Machiel Reyneke, Ms Linda Beal and I, with Ms Beal as Chairperson. The Audit and Sustainability Committee will be required to meet at least twice a year, to review the annual and interim financial statements and the audit plan. The Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported upon, reviewing accounting policies and for meeting the auditors and reviewing their reports relating to the financial statements and internal control systems.

The Committee will also be responsible for supporting the Company's triple bottom line objectives and promoting a corporate culture based on sound ethical values and compliance.

While Machiel is not deemed to be independent, he has been deemed to be independent in character and judgment by the Board and comes with considerable financial experience. It is thus my opinion that having someone of Machiel's character and experience on this Committee offers shareholders superior benefits to having a committee of only two members.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company's intends that its principal communication channels for its governance structure will be through its Annual Report and website disclosures. As required under the QCA Corporate Governance Code, the Annual Report will include a Corporate Governance Statement, a Report of the Audit Committee and a Report from the Remuneration Committee.

As discussed above, the Company will make regular announcements on its performance and intends to have dialogue with shareholders through the AGM and meetings with shareholders.

Lord Robin Renwick of Clifton.