

CORPORATE GOVERNANCE

The Directors acknowledge the importance of corporate governance and apply the principles enunciated in the Corporate Governance Code for Small and Mid-size Quoted Companies as published by the Quoted Company Alliance in so far as these principles are practicable and appropriate to a company of the size and nature of GoldStone.

The Company aims to fulfil the 12 key principles of corporate governance as follows:

Vision and strategy

The Company's vision is to explore, discover and develop gold deposits in West and Central Africa, particularly its existing projects in Senegal, Ghana and Gabon.

Risk management and internal control

The Board has established an Audit and Remuneration Committees, which sits as and when required. The audit committee consists of the Chairman, one Non-Executive director and the CFO. The remuneration committee consists of the Chairman and one Non-Executive. Although it is unusual for a Chairman and CFO of a company to be involved with these sub-committees, it is considered appropriate and expedient for a company with the aims and size of GoldStone to make use of the skill sets it has available.

The Company is audited by De Loitte, Jersey and receives an annual report setting out the status of internal controls. The Company's internal audit function is led by the Company Accountant, who reports to the Chairman and the CEO. The audit function of the Company Accountant is, inter alia, to regularly review the internal controls of the Company's respective country offices and implementation thereof for its field operations.

Investor relations and communications

The Board attaches great importance to providing shareholders with clear and transparent information on the Company's activities, strategy and financial position. Details of all shareholder communications are provided on the Company's website.

The Executive Directors are in regular contact with the Company's larger shareholders. The Company lists contact details on its website and on all announcements that are released via RNS. The CEO communicates with shareholders, where required, to improve shareholders' understanding of the unique circumstances and constraints faced by the Company. Relevant communication received by the directors is conveyed to the Board to enhance understanding of shareholder sentiment.

Meeting the needs and objectives of shareholders

The Board is aware of the need to protect the interests of minority shareholders and balancing these interests with those of substantial shareholders. The Board consists of the Chairman, the CEO and three non-executive directors. Board meetings are held when required but at least four times a year.

Stakeholder and social responsibility

The Directors places a high premium on consultation with communities in the Company's project areas. Interaction with communities are actively pursued and regular meetings are held with community leaders to communicate the benefits and potential difficulties associated with exploration. Where appropriate and required, certain monetary benefits are channelled through to communities by actively pursuing projects which aims to improve social wellbeing.

The environmental impact of the Company's activities are carefully considered and the maintenance of high environmental standards is a key priority.

Using cost effective and value added arrangements

The principal risks faced by the Company are addressed by the appointment of an experienced executive board supported by a group of experienced non-executive directors and a team of appropriately qualified professional advisers.

The executive director is closely involved in the day to day operations of the Company and the operating subsidiaries and report to the Board in detail. Reports by the CEO sets out the achievement of goals set by the Board, Budgets, Expenditure Trends, Cash Position and Burn Rate, Time Lines, Potential Risks, Potential Influential Factors and suggested courses of action.

Responsibility and accountability

This website page provides full disclosure on the Company's corporate governance. Descriptions of the roles of Directors are included herein.

Board balance and size

The Board is comprised of one Executive Directors and four Non-Executive Directors. Two non-executive directors are nominees of the Company's largest shareholder, which includes the Chairman. The executive director and two non-executive directors are considered to be non-aligned to the largest shareholder and aims to represent, where appropriate and necessary, the interests of minority shareholders. The CEO is responsible for leading the day to day operations of the Company.

Board skills and capabilities

Directors who have been appointed to the Company have been chosen because of the skills and experience they offer. Full biographical details of the Directors are included under the Management page of this website.

As noted above, the Company has put in place an Audit and Remuneration committees.

Formal terms of reference have been agreed for all Board Committees. The responsibilities of each of these have been summarised below

Audit Committee

- To meet at least twice a year and otherwise as required, with the external auditor in attendance at least once a year.
- Appointment of external auditors
- To agree the nature and scope of the audit with the external auditors
- To review the effectiveness of Company's internal control framework,
- To review effectiveness of the Company's risk management framework
- To review the annual financial statements, and challenge where necessary, the actions and judgements of management in relation to these

Remuneration Committee

- To set the remuneration for the Board, Executive Directors and staff including basic pay, any bonus basis and awards and participation in share incentive schemes.

- To agree the terms of employment of all Board, Executive Directors and staff members, including those on cessation of employment, ensuring all payments are fair to both the employee and the Company.
- To continue to review the appropriateness of the remuneration policies, with reference to the conditions across the Company and up-to-date information in other companies.
- To ensure that all requirement on the disclosure of remuneration is fulfilled
- To meet at least twice a year and otherwise as required
- To attend the Annual General Meeting to answer any shareholder questions on the Committee's activities

Although a formal nomination committee has not been established, the Board regularly reviews the size and composition of the Board and meet to consider succession planning for directors and other senior executives. The board also regularly reviews the leadership needs of the organisation. This is done to keep up to date with commercial changes affecting the company, the market in which it operates and to align the Board's composition and work force with the Company's skill-set requirements. Most of the Board attends the Annual General Meeting to answer any shareholder questions on the Committee's activities

Evaluating board performance and development

The Company undertakes regular monitoring of personnel and corporate performance using agreed key performance indicators and detailed financial reports. Responsibility for assessing and monitoring the performance of the executive directors lies with the independent non-executive directors and the Chairman.

Key performance indicators include the achievement of pre-determined exploration goals, financial gains, cost saving strategies, commercially viable acquisitions and other position-oriented objectives and targets which are adjudged according to financial and non- financial metrics. Performance Goals are set each year for the executive directors and performance measured against these metrics.

Information and support

The board is provided with detailed financial reports of the Company's financial performance on a regular basis with more frequent updates if required. Written reports are provided one week prior to the Company's regular board meetings including analysis and evaluation of cash position, expenditure, burn rate, planned expenditure on projects and a description of potential pitfalls and risks. Written recommendations from the executive directors are delivered with full supporting documentation, supplemented as required by reports from external professional advisers so that the board can constructively challenge recommendations before making decisions.