

CORPORATE GOVERNANCE CODE

Last updated: 12 July 2022

Statement of compliance with the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”)

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance to ensure the Company is run effectively. In accordance with Rule 26 of the AIM Rules for Companies, the Company confirms that it has adopted the QCA Code. We aim to conduct our business in an open, honest and ethical manner. The Board is accountable to shareholders for good corporate governance and has adopted the procedures set out below in this regard.

The QCA Code is based on ten principles that focus on the pursuit of medium to long term value for shareholders. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Board has considered how we apply each principle to the extent that the Board judges these to be appropriate in view of the Company's size, strategy, resources and stage of development, and below we provide an explanation of the approach taken in relation to each.

This report explains in broad terms how the Company applies the main principles of the QCA Code. The Board has identified one principle where we are not in full compliance with the guidelines of the QCA Code. This deviation is to Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair – and relates to the participation of Non-Executive Directors in the Company's share option scheme and the impact on their independence. Further details are contained in the respective section below.

This statement was re-issued on 12 July 2022 and will be reviewed and updated at least annually.

Mutiu Sunmonu
Non-Executive Chairman

THE BOARD

The Board is responsible for setting the overall strategy of the business, reviewing management performance and ensuring the Group has sufficient financial and human resources to meet its objectives. It directs the Group's activities in an effective manner through Board meetings and monitors performance through timely and relevant reporting procedures.

The Board plays a central role in developing and maintaining the Company's culture and values by setting the 'tone from the top', defining the behaviours expected by the Board and ensuring that ethical standards are upheld. Thus, the Board aims for the right balance between entrepreneurial leadership and prudent and effective risk management, which are vital to maintaining a sustainable business and creating value for shareholders.

The QCA Code requires that the boards of AIM companies have an appropriate balance between Executive and Non-Executive Directors and should have at least two Independent Non-Executive Directors.

As at the date of this statement, the Board comprises of the Non-Executive Chairman, three Executive Directors and two further Non-Executive Directors. The Independent Non-Executive Directors are Mutiu Sunmonu (appointed 21 September 2016) and John Brown (appointed 7 May 2021). They are considered independent of management and any business or other relationships which would interfere with the exercise of their independent judgement. On 7 April 2020, Mr Adekolapo Ademola was appointed to the Board as a Non-Independent Non-Executive Director on behalf of Midwestern Oil and Gas Company Limited, a company of which he is also a Director. Mr Ademola is also CEO and Executive Director of ELI, which the Company has an interest in.

The following paragraphs set out the Company's compliance with the ten principles of the QCA Code.

PRINCIPLE 1 – ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

The Company's overall strategic objective is to secure and develop high-potential oil and gas related asset opportunities in West Africa and produce a near-term operating cash flow, yielding value to shareholders in the medium to long-term. The Company plans to grow by carefully selecting new opportunities, particularly in Nigeria, where it can achieve this through our technical expertise, operational capabilities and industry contacts, secured by the close links it forges with governments and the local communities. The Company has built its industry reputation as a capable operator in various European and African countries and its key asset remains the indirect economic interest in OML 18 – which the Board considers to be a world class asset onshore Nigeria. Other Nigerian assets include an equity interest in ELI; the Company which owns the ACOES project, which is intended to provide a dedicated oil export route from OML 18. The Company has an indirect interest in OML 11 by virtue of its equity investment in Decklar, reinforcing the

Board's commitment to offering the Company's shareholders upside exposure to other opportunities in West Africa in addition to OML 18. The Company continues to seek to monetise or otherwise dispose of its non-core assets in keeping with that strategy.

Key challenges and risks around executing this strategy and associated mitigants are detailed in the Director's Report on page 32 of the 2021 Annual Report and Accounts, which is available to view on the Company's website by [clicking here](#). These are namely:

- financial risk around loan note repayments;
- partnership risk;
- further Pandemics;
- commodity price risk; and
- environmental risk.

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system. The Company strives to develop strong working relationships with its partners and suppliers in its various operating locations to manage and mitigate the operational risks. The Company is committed to operating a sustainable business and plans to incorporate Environmental, Social and Governance aspects to all future opportunities reviewed.

Capital distribution policy

As part of the Company's strategy to generate value for shareholders, within the Admission Document published in August 2016, the Company set out a shareholder distribution policy. The ability for the Company to make such distributions is dependent upon the availability of cash to distribute. In January 2020 it was announced that the buyback programme had completed with the repurchase of 5,709,101 shares at an average price of 27.5 pence per share, with a value of US\$2.0 million (£1.6 million). On 27 April 2020 the Company announced a special dividend of £27.0 million (US\$33.3 million), or 6 pence per ordinary share, with a payment date in May 2020.

Subject to the passing of the Resolutions at the 05 August 2022 EGM and completion of the MLPL Reorganisation, from Re-Admission, any dividends declared will first be used to satisfy the preferential dividend payable on the Preference Shares created by the Subdivision and to be issued to the holders of Existing Ordinary Shares immediately prior to Re-Admission. The Preference Shares will entitle the holders to receive the Preference Amount which is US\$40,000,000 in aggregate and which shall on the date falling forty-two months after the date of issue of the Preference Shares and on each six-month anniversary thereafter, be increased by the Shortfall Amount. The Shortfall Amount is 5% of the amount by which the aggregate of all dividends paid to the holders of the Preference Shares is less than the Preference Amount immediately prior to such six-month anniversary. The payment by the Company of any dividends including the Preference Amount and the Shortfall Amount is subject to there being distributable reserves and the declaration of a dividend by the Directors and so there is no certainty that a dividend will be declared. The Board intends that once the Company's additional obligations pursuant to the preference shares have been discharged and following the commencement of payment of dividends, 50% of free cash flows would be returned to shareholders by way of dividends.

PRINCIPLE 2 – SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Company's Chief Executive Officer and other Executive Directors are responsible for shareholder liaison. They hold regular meetings with major shareholders and analysts to discuss the Company's strategy and performance and maintain a dialogue between the Company and its investors. Private investor events and investor roadshows are organised by the Company's brokers and public relations consultants, where the Chief Executive Officer and at times other Executive Directors meet with current (and potential future) institutional and retail shareholders and brokers to update them on the Company's progress. During lockdown and with

Covid-19 restrictions many meetings held were via videoconferencing during the year.

The entire Board receives feedback following these meetings and any issues raised are discussed. Any significant reports from analysts are also circulated to the Board. By keeping open and transparent dialogue with shareholders the Directors can consider matters and have discussions with shareholders in a positive and constructive way. In recognition of the need to maintain open and transparent dialogue in order to better understand the needs and expectations of all shareholders, the Non-Executive Chairman and Independent Non-Executive Director are available to meet with shareholders if required.

The Annual General Meeting (“AGM”) is the main forum for dialogue between the Board and the shareholders. All Directors aim to attend the AGM. The Non-Executive Chairman, Mutiu Sunmonu, leads the AGM and takes questions from the floor. The Chairs of the Audit and Risk, Remuneration, Nomination and Health and Safety Committees are on-hand to answer questions that may arise at the meeting. The 2021 AGM was held via teleconference due to Covid-19 travel restrictions on 30 September 2021. All Directors were in attendance with Committee Chairs available to answer any questions via email ahead of the meeting, regarding the activities of each of the Board Committees. At the AGM, all resolutions were passed. Notwithstanding the most recent AGM results, the Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored, and where practicable the Company intends to continue to engage with shareholders who do not vote in favour of resolutions at AGMs. The Company’s annual report and notice of AGM will be sent to all shareholders and will be available for download from the Company’s website. The results of the AGM will be announced through a regulatory information service. All Directors receive regular industry and peer updates, to enable them to keep current on issues relevant to the Company and its shareholders. Contact details for investor relations are included on the Company’s website.

PRINCIPLE 3 – TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Company's ability to achieve its long-term success is dependent on good relations across a wide range of stakeholders both internally (employees) and externally (partners, suppliers, regulatory authorities, local governments and communities in which we operate). The Board will maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business. Furthermore, the Company's local employees and management are able to communicate with stakeholder groups such as local and regional government officials, central government departments, community groups and local suppliers to keep them updated on project activities and plans.

The Company's employees are one of the most important stakeholder groups and the Board recognises the need for two-way communication with the workforce. The small size of the Company means that the Directors and senior managers are accessible to all employees to provide and receive feedback. Staff attend committee meetings as required enabling two-way communication. The Executive Directors hold regular executive team meetings of which key messages are then relayed to their respective teams. To retain our highly skilled workforce and keep their satisfaction high, the Company offers competitive remuneration, discretionary employee share option awards and health and critical illness cover. The Company seeks to ensure that all employees are treated fairly and with dignity. The Company has a zero-tolerance policy towards any form of discrimination or harassment. The Company recognises its responsibilities to the environment and community in the areas in which it operates. The Company places a high priority on operating to high standards of integrity and ethics.

The Company recognises that its activities may have impact on the environment and therefore aims to minimise that impact by operating in a socially responsible manner, engaging with local, regional and national stakeholders where we are operator. Since the Company is not currently the operator of OML 18, it does not and will not directly control these matters on OML 18.

The Company seeks to behave as a responsible employer and make positive contributions to the local economies in which it has an interest. Engagement with the local communities in which it operates and conducting social work has helped them understand what we are doing. Please refer to the Sustainability Section of the ESG report on page 39 of the 2021 Annual Report and Accounts, which is available to view on the Company's website by [clicking here](#), for details on the initiatives and local community engagement made by the Company directly. Further details of the Company's commitment to environmental, social and governance matters are detailed in the "ESG" section of the Company's website.

The Board is aware of its duty to act in good faith in the interests of the Company and complies with the obligations under section 228 of the Companies Act 2014. All the Company's stakeholders have access to contact information for communication with the Company. Any feedback will be respectfully acknowledged by the Company and appropriately dealt with. The Board believes that its investment in the wider stakeholder network will assist the Company's management in achieving its long-term goals by creating an environment of trust and communication which will have positive implications for the long-term success of the Company.

The Board believes holding the Company's responsibilities in high regard to be a requirement for building its business and being considered an operator or partner of choice.

PRINCIPLE 4 – EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH

OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

The Board acknowledges its overall responsibility for ensuring that the Company has a robust framework of risk management and an appropriate system of internal control. However, any system can only provide reasonable, not absolute, assurance against material misstatement or loss and is designed to manage (but cannot eliminate) the risk of failure to achieve business objectives.

A risk management policy and procedure has been adopted which provides a procedure for the management of the Company's risk. As part of the risk management procedure, the Company has further developed its detailed risk register which identifies business continuity risks, corporate governance risks, security risks, financial risks, reputational risks and health, safety and environment protection risks. Reporting is required from each Executive Director and consists of quarterly reports assessing material changes within the risk profiles.

The Chief Financial Officer is accountable for collating the risk reports and presenting them to the Audit and Risk Committee. The Audit and Risk Committee reports on its activities and make recommendations to the Board as appropriate – the details of which will be included in the annual report and accounts.

PRINCIPLE 5 – MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The Board is responsible for setting the overall strategy of the business, reviewing management performance and ensuring the Company has sufficient financial and human resources to meet its objectives. It directs the Company's activities in an effective manner through regular Board meetings and monitors performance through timely and relevant reporting procedures.

The Board is specifically responsible for:

- approval of budgetary and business plans;
- approval of significant investments and capital expenditure;
- approval of annual and half-year results and interim management statements, accounting policies and the appointment and remuneration of the external auditors;
- approval of interim, and recommendation of final, dividends and share buybacks;
- changes to the Group's capital structure and the issue of any securities;
- agreeing the Group's risk appetite, establishing and maintaining a system of internal control, governance and approval authorities;
- executive performance and succession planning;
- determining standards of ethics and policy in relation to health, safety, environment, social and community responsibilities; and
- disclosure to the market and shareholders.

The Board comprises the Non-Executive Chairman, three Executive Directors and two Non-Executive Directors. The Chairman, Mutiu Sunmonu, is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. He is not involved in the day-to-day operation of the Company. The Chairman is responsible for the Company's approach to corporate governance and the application of the principles of the QCA Code. The Company's Independent Directors are Mutiu Sunmonu and John Brown (appointed 7 May 2021) who are independent of management and any business or other relationships which would interfere with the exercise of their independent judgement. As recommended by the QCA Code, going forward, the independent Non-Executive Directors will not participate in performance-related remuneration schemes. In addition, the Company has agreed with Midwestern that it will seek to identify and appoint an additional independent Non-Executive Director in the 12 months following Re-Admission.

The Chairman considers that the Company has a balanced and diverse Board with the requisite skills and market expertise to build a successful, sustainable Nigerian-focused oil and gas business. The Company recruited John Brown in May 2021 as an

Independent Non-Executive Director and Chair of the Audit and Risk Committee. Accordingly, the Company is satisfied that the current Board is sufficiently resourced to effectively discharge its governance obligations on behalf of all its shareholders and other stakeholders in the Company.

Leadership structure



To ensure that the Directors can properly carry out their roles and to facilitate proper assessment of the matters requiring the Directors consideration, they are provided with relevant information and financial details prior to all Board meetings. All Directors have access to the advice and services of Company advisors to allow them to ensure that the Board complies with applicable rules and procedures. The Board meets at least six times a year to discuss and decide the Company's business and strategic decisions and additional Board calls are held as required. In addition, there is a high degree of contact between the Directors outside of Board meetings to ensure all Directors are aware of the Company's business. If necessary, the Non-Executive Directors may take independent advice at the expense of the Company.

Each Board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. They attend Board meetings and join ad hoc Board calls and offer availability for consultation when needed. The contractual arrangements between the Directors and the Company specify the minimum time commitments which are considered sufficient for the proper discharge of their duties. Each Non-Executive Director is expected to attend not less than six board meetings in each calendar year as well as the Annual General Meeting and any Extraordinary General Meetings of the Company. However, in exceptional circumstances all Board members understand the need to commit additional time. The Executive Director roles are all full-time roles.

Board meetings attendance in 2021

	Maximum possible attendance	Meetings attended
Mutiu Sunmonu	11	9
Oisín Fanning	11	11
Joel Price	11	11
Julian Tedder ¹	–	–
Lisa Mitchell ²	10	10
Alan Campbell ³	5	5
Adekolapo Ademola	11	11
John Brown ⁴	6	6

¹ Appointed 1 December 2021.

² Resigned 29 October 2021.

³ Resigned 7 May 2021.

⁴ Appointed 7 May 2021.

The Board Committees

The Board has established four separate committees:

Remuneration Committee, Audit and Risk Committee, Nomination Committee, Health and Safety Committee and the ESG Committee.

Remuneration Committee

The Remuneration Committee consists of the Chairman, Mutiu Sunmonu, who chairs the committee and one Non-Executive Director, John Brown, who joined the committee following his appointment on 7 May 2021. The Remuneration Committee

monitors the performance of the Company's Executive Directors and makes recommendations to the Board on the remuneration packages for the executives. The remuneration and terms and conditions of appointment of the Non-Executive Directors are set by the Board as a whole.

There were no Remuneration Committee meetings in 2021 as the previous chair of the Committee resigned in December 2020 and the Committee was not quorate until the appointment of John Brown in May 2021. The Committee has already met in 2022 to discuss the remuneration policy of the Directors and an appropriate reward structure.

Remuneration committee meetings and attendance in 2021

	Number of meetings	Number of meetings attended
Mutiu Sunmonu (Chair)	Nil	Nil
John Brown ¹	Nil	Nil

¹ Appointed 7 May 2021.

Audit and Risk Committee

The Audit and Risk Committee consists of the Chairman, Mutiu Sunmonu, and John Brown, Independent Non-Executive Director who is Chair of the Audit and Risk Committee (appointed to the committee on 7 May 2021). From 7 December 2020 to 6 May 2021 Mr Sunmonu assumed the Chair role until the appointment of Mr Brown.

The duties of the Audit and Risk Committee include the review of the accounting principles, policies and practices adopted in preparing the financial statements, internal control and risk

management processes and the review of the Company's financial results. The Audit and Risk Committee considers the need for an internal audit function, reviews the risk management policies and procedures and is responsible for ensuring that adequate insurance cover is in place for identifiable risks. During 2020 the Audit and Risk Committee considered the need for internal audit and based on the size and scale of the Group's activities, combined with curtailment of activities due to Covid-19, decided that the outsourced internal audit reviews be put on hold. However, following the further investments in ELI and the proposed Decklar investment, the Committee recommended that the internal audit plan for 2020 should be rescheduled for 2021, and an external firm was re-engaged and carried out three reviews during 2021.

The Audit and Risk Committee also considers how to maintain an appropriate relationship with the Company's auditors. The Audit and Risk Committee approves any fees in respect of non-audit services provided by external auditors to safeguard the external auditor's independence and objectivity.

Key focus areas in 2021

- Review of the 2020 Annual Report and of the significant risks which included the valuation of the Midwestern Leon Petroleum Limited loan notes and equity interest, accounting for the loan notes and equity interest acquired in Energy Link Infrastructure (Malta) Limited during 2020, valuation of the 4.5% net profit interest on the Barryroe oil field and the going concern assessment;
- Review of the six months ended 30 June 2021 interim results announcement and of the significant risks (see above); and
- Review of the risk register and mitigating actions proposed by management.

Audit committee meetings and attendance in 2021

	Maximum possible attendance	Number of meetings attended

Mutiu Sunmonu ¹	4	4
John Brown (Chair) ²	4	4

¹ Assumed Chair role from 7 December 2020 to 6 May 2021.

² Appointed 7 May 2021.

Nomination Committee

The Nomination Committee consists of the Chair, Mutiu Sunmonu, who chairs the committee, John Brown (appointed to the committee on 7 May 2021), Adekolapo Ademola (appointed to the committee on 25 May 2021) and the Chief Executive Officer, Oisín Fanning. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board regarding any changes required.

It is responsible for locating appropriate senior candidates and conducting initial interviews and submitting recommendations on any appointment to the Board. There were three meetings held during the year where the committee led the process for new Board appointments and making recommendations to the Board.

The Board accepts that it is unusual for the Company's Chief Executive Officer to be part of this Committee. However, Mr Fanning has almost 30 years' experience in structured finance, stockbroking and corporate finance, with 12 years specialising in the oil and gas industry and as such has many useful and relevant contacts. He recognises the importance of finding and developing talented people to help the Company achieve its objectives and without his direct input, the Committee would be denied his relevant opinion on suitable candidates to join the Board.

Key focus areas in 2021

- Appointing a search firm and conducting interviews for an additional Non-Executive Director and Chair of the Audit Committee following resignations in 2020 and making appropriate recommendations to the Board;
- Appointing a search firm and conducting interviews for a new Chief Financial Officer (“CFO”) following the resignation of Lisa Mitchell during the year; and
- Ensuring that appropriate succession planning is in place for senior management.

Nomination committee meetings and attendance in 2021

	Maximum possible attendance	Number of meetings attended
Mutiu Sunmonu (Chair)	3	3
Oisín Fanning	3	3
Adekolapo Ademola ¹	1	1
John Brown ²	1	1

¹ Appointed to the Nomination Committee on 25 May 2021.

² Appointed 7 May 2021.

Health and Safety Committee

The Health and Safety Committee consists of the Chairman, Mutiu Sunmonu and the Chief Operating Officer, Joel Price. The Health and Safety Committee is responsible for evaluating risks in Company operations including property, personnel, security and environmental risks and ensuring that appropriate procedures are in place for mitigating risk.

Environment, Social and Governance (“ESG”) is an area of increasing importance. This is an area in which San Leon is

committed to meeting high standards of ESG practices across all aspects of the business. The Company is committed to the countries in which it operates and is dedicated to promoting sustainable growth as well as providing support to local communities in Nigeria. The ESG Committee did not meet in 2021 due to the changes to the Board composition during the year, but will meet in 2022 on at least two occasions to develop the Committee's Terms of Reference and fully establish the Group's ESG strategy and targets for the years to come.

Key focus areas in 2021

- Review and approve new Terms of Reference for the Health and Safety Committee; and
- Reviewed the Company's ongoing response to the Covid-19 pandemic and ensured that the health of safety of the Group's employees and consultants was appropriate.

Health and Safety committee meetings and attendance in 2020

	Number of meetings	Number of meetings attended
Mutiu Sunmonu (Chair)	1	1
Joel Price	1	1

Departures from the Code

Non-Executive Directors' participation in Option Schemes

The Company has previously encouraged Non-Executive Directors to participate in the Company's option schemes as the Board believed that independence is a matter of independence of mind, judgement and integrity and that Mutiu Sunmonu, John Brown and Adekolapo Ademola are independent of management. This was reviewed by the Board at the start of 2022 and going forward Non-Executive Directors are no longer eligible to be awarded options

under the new scheme. The options held by Non-Executive Directors already in existence will remain in place and can be exercised or will lapse in accordance with their terms and the scheme rules. The Company is now compliant with the QCA code in this respect

PRINCIPLE 6 – ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Board members bring extensive and diverse experience encompassing operational, financial, African, European, AIM and regulatory, commercial expertise and large and developing company experience. Further details of the skills and experience of the Directors are summarised in their biographies as set out on pages 14 and 15 of the 2021 Annual Report and Accounts, which is available to view on the Company's website by [clicking here](#).

The Chairman believes that the Board should always have a suitable mix of skills and competencies covering all essential disciplines bringing a balanced and diverse perspective that is beneficial both operationally and strategically. The Directors consider that the Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically. While the Board has not yet adopted any formal policy on gender balance, ethnicity or age group, it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles.

The Executive Directors bring significant listed company, oil and gas operations and financial, commercial and transactions experience. The Non-Executive Directors bring significant African oil and gas, investor, AIM and main board and financial expertise to the Board.

The nature of the Company's business requires the Directors to keep their skillset up to date. The Directors are kept informed on relevant regulatory compliance and statutory matters through briefings by external advisers and all Executive and Non-Executive Directors have access to the Company's external advisers. The Company retains the services of independent advisors including financial, legal, and investor relations advisers that are available to the Board and who provide support and guidance to the Board and complement the Company's internal expertise. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, inter alia, the AIM Rules and the Company's solicitors in respect of continued compliance with, inter alia, the Market Abuse Regulation ("MAR").

The Company Secretary and advisors assist the Chair in preparing for board meetings including dissemination of appropriate information.

The Directors receive regular briefing papers on the operational and financial performance of the Company from the executive and senior management.

All Company Non-Executive Directors also hold Director (Non-Executive or Executive) roles in other companies, helping to ensure broad and current experience. Further training is available at the Company's expense.

Summary background and diversity of the Board

Director	Background			Diversity	
	Oil & gas / energy	Finance / commercial	Investor	Female	Non-UK / Irish
Mutiu Sumonu	✓	✓	✓	–	✓

Oisín Fanning	✓	✓	✓	–	–
Joel Price	✓	✓	–	–	–
Julian Tedder ¹	✓	✓	✓	–	–
Lisa Mitchell ²	✓	✓	✓	✓	✓
Alan Campbell ³	✓	✓	–	–	–
Adekolapo Ademola	✓	✓	✓	–	✓
John Brown ⁴	✓	✓	✓	–	–

¹ Appointed 1 December 2021.

² Resigned 29 October 2021.

³ Resigned 7 May 2021.

⁴ Appointed 7 May 2021.

PRINCIPLE 7 – EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Board considers that during the majority of 2021 the combination of Non-Executive and Executive Directors was of sufficient competence and experience to support the strategy and development of the Company. In 2021, the Company recruited John Brown, as an Independent Non-Executive Director to Chair the Audit and Risk Committee in order to further strengthen and replace resignations during the previous year.

The Chairman and Nomination Committee will continue to review and monitor the strength and objectivity of the Board and seek improvement. Please see the Nomination committee report on page

30 of the 2021 Annual Report and Accounts, which is available to view on the Company's website by [clicking here](#), for activities performed during the year.

Succession planning

Succession planning is currently undertaken on an informal basis by the CEO in consultation with the Nomination Committee and the Board. The Board is satisfied that this is appropriate for this stage in the Company's development and will continue to review its succession planning.

Formal evaluation of Board and Directors

There was no formal evaluation process performed during 2021. The Board intends to carry out a formal evaluation of Board performance during 2022.

The Board has continued to focus on strategic imperatives including the fostering of best practice in all areas of governance and ensuring that the Executive team and Non-Executive Directors closely collaborate on the development of strategy and ensuring its execution. The Board continues to review and strives to enhance all areas of governance. The Board continues with its commitment in attaining compliance with the QCA code. The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the size and development stage of the Company.

PRINCIPLE 8 – PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Company's ethics

The Company is committed to upholding high ethical standards and principles, both in letter and in spirit, throughout all of our operations. The Company aspires to, and encourages its staff to, operate in a socially responsible manner, acting professionally at all times.

The Company is committed to a strong ethical and values-driven culture encompassing high standards of quality, honesty, openness and accountability, and understands that any issues counter to this culture could have an extremely negative impact on the business. The Company, its management, employees, contractors and partners have the responsibility of applying the highest standard of ethical business practices in all their relationships with shareholders, suppliers, and the general public. Further details in this regard are outlined in the Company's website.

Creating a fair and inclusive culture

The Company promotes an inclusive, transparent and respectful culture. The Company believes that its people are its greatest asset. Led by the values of responsibility, excellence and continuous improvement, integrity and trustworthiness, cooperation and engagement, empathy and fairness they apply their skills and expertise every day to ensure the Company operates both responsibly and successfully. A culture based upon sound ethical values and behaviours is an asset and source of competitive advantage. Key to this is recruiting and retaining key senior personnel.

The Company is an equal opportunity employer and seeks to hire, endorse and retain highly skilled people based on merit, competence, performance, and business needs. The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age or sexual orientation.

The Company communicates its corporate culture through staff presentations and inductions. To embody and promote sound ethical principles, the Board has endorsed the following key policies:

- Share-dealing Code;
- Health and Safety and Environmental Policy;
- Whistle Blowing Policy; and

- Anti-Bribery and Corruption Policy.

Share-dealing Code

The Company has adopted a share-dealing code for Directors and employees of the Company to ensure compliance with the provisions of the AIM Rules for Companies (including relating to the restrictions on dealings during closed periods in accordance with MAR and with Rule 21 of the AIM Rules for Companies). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM. The Company takes all reasonable steps to ensure compliance with the share-dealing code by the Directors and applicable employees with the terms of the share-dealing code and the relevant provisions of the AIM Rules for Companies (including Rule 21).

Health and Safety and Environmental Policy

The Company's objectives include observing the highest level of health and safety standards, developing our staff to their highest potential and being a good corporate citizen in our chosen countries of operations.

The Company is committed to providing a safe working environment for its employees and anyone doing work on the Company's behalf. The Health and Safety Committee reviews and makes recommendations concerning risk, health and safety issues. The HS&E performance indicators and the safety of its employees are principal elements of its business and are fundamental to the Company's culture and engagement with its stakeholders. HS&E is covered at Board meetings during discussion on operations. Please refer to the HS&E committee report on page 31 of the 2021 Annual Report and Accounts, which is available to view on the Company's website by [clicking here](#), for a list of activities performed during the year.

Whistleblowing Policy

The Company has a Whistleblowing Policy in place to assist employees, suppliers, contractors and others with the reporting of any malpractice or illegal act or omission by others. The policy is reviewed at least once every year or more often if necessary and is

communicated to all employees. It was last reviewed in February 2022 as part of the Audit and Risk Committee responsibilities.

Anti-Bribery and Corruption Policy

The Company's Anti-Bribery and Corruption Policy ("ABC") formalises the Company's zero-tolerance approach to bribery and corruption. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, and to be aware of and refer to the Anti-Bribery & Corruption Policy in all of their business activities worldwide and to conduct all business in compliance with it. The Company seeks to enforce effective systems to counter bribery, such as secondary authorisations for payments.

The Policy was last reviewed with any updates approved by the Board in March 2022 as preparation for the proposed Midwestern transaction.

PRINCIPLE 9 – MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Board of Directors recognises the importance of applying the highest standards of corporate governance to enable effective and efficient decision making, and to give a structural aid for Directors to discharge their duty to promote the success of the company for the benefit of its shareholders.

The Board reserves for itself a range of key decisions to ensure that it retains proper direction and control of the Company whilst delegating authority to individual Directors who are responsible for the day-to-day management of the business. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team.

The following matters are reserved for the Board:

- all matters which exceed the authority delegated to the Group executives;
- mergers and acquisitions transactions;
- strategy, budgets and business plans;
- audit, financial and other reporting and controls;
- structure and capital;
- internal controls and governance;
- contracts;
- communications;
- Board, Board committees, management, officers and advisers;
- management development, remuneration and employee benefits; and
- delegation of authority.

The Company conducts a review of the Company's governance framework each year and takes into account internal and external audit recommendations. The appropriateness of the Company's governance structures will continue to be reviewed in light of further developments of accepted best practice and the development of the Company. (Refer to the Audit and Risk Committee report for a description of the committee and the 2021 reviews on page 25 of the 2021 Annual Report and Accounts, which is available to view on the Company's website by [clicking here](#)).

PRINCIPLE 10 – COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

San Leon Energy is committed to open communication with all its stakeholders. The Company believes it is important to explain business development and financial results to its stakeholders and

to ensure that suitable arrangements are in place so that the issues and concerns of major stakeholders are heard and understood.

The Board has been supported by an Audit and Risk Committee, Remuneration Committee, Nomination Committee and Health and Safety Committee (an ESG Committee was formally constituted in December 2020); details of their activities during 2021 can be found in each of their reports on pages 25 to 31 of the 2021 Annual Report and Accounts, which is available to view on the Company's website by [clicking here](#).

The Company communicates with all stakeholders through its website, Regulatory News Service ("RNS") announcements, Annual Report and Accounts, half yearly announcements, AGMs and private meetings.

Copies of the Annual Report and Financial Statements are issued to all shareholders who have requested them and copies are available on the Group's investor website www.sanleonenergy.com. The Group's interim results are also made available on the Company's website. The Group makes full use of its investor website to provide information to shareholders and other interested parties.

The Chief Executive Officer and other Executive Directors are responsible for communicating with major shareholders and other shareholders who wish to be part of a dialogue. The Board is briefed by the CEO regarding these discussions at each board meeting as required. Feedback by way of market updates, brokerage and communication reports, analyst and proxy agents is presented on an ad hoc basis as received.

The Chairs of the Audit and Risk, Remuneration, Nomination, and Health and Safety Committees are also available to answer questions at the AGM.

The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those by

disclosing them on the Company's website. In the event that a significant portion of voters have voted against a resolution, an explanation of what actions it intends to take to understand the reasons behind the vote will be included.

The Company's website is in compliance with the AIM Rules and will be updated on a regular basis with information regarding the Company's activities and performance, including financial information.