11th September 2019

Dear Shareholder,

Tungsten Corporation plc - Annual General Meeting

You may have seen the Institutional Shareholder Services ("**ISS**") Proxy Analysis & Benchmark Policy Voting Recommendations in relation to our forthcoming AGM, which was published over the weekend.

While ISS are supportive of the majority of the resolutions that will be put before the AGM, we were disappointed to note their recommendations that shareholders should vote against resolutions 2 (Approve Remuneration Report) and 8 (Authorise Board to Fix Remuneration of Auditors).

We thought that it would be helpful for you to understand the background behind these two issues, and why the Board considers that you should vote in favour of both resolutions, notwithstanding the ISS recommendations.

Resolution 2 – Approve Remuneration Report

Following the votes against the FY18 Remuneration Report at last year's AGM, the new Tungsten Board, under my leadership, has put an enormous amount of effort into developing and implementing the Company's new remuneration plan.

The FY19 Remuneration Report tabled for approval at the AGM relates to the period 1st May 2018 to 30th April 2019. It is important to be aware that the criticisms raised by ISS in relation to the FY19 Remuneration Report relate to actions taken by the previous Board and management of the Company in the period before the reconstitution of the Board in late 2018, a process which commenced in earnest with my appointment as Chairman of the Company in October 2018 and continued with further Board appointments in December 2018 and February 2019.

The new Board and Remuneration Committee worked flat out in the period between January 2019 and April 2019 to completely overhaul the Company's previous remuneration plan. We were advised in this process by external remuneration advisers Aon Hewitt Ltd.

The new remuneration plan came into effect on 1st May 2019 and replaces the Company's old remuneration plan, including the Company's previous option schemes. The new remuneration plan has been designed to be completely compliant with both best practice and with corporate governance requirements for AIM companies. The new remuneration plan was discussed with shareholders along the way, and those shareholders consulted were very supportive of the new plan.

Details of the new remuneration plan are set out in pages 56 and 57 of our Annual Report and Financial Statements 2019.

The first awards under the new remuneration plan were made in July 2019, and will be reported in the Remuneration Report for our current financial year, FY20 which runs from 1st May 2019 to 30th April 2020.

As noted above, it is apparent from our dialogue with ISS that their recommendation in relation to resolution 2 is based purely upon the awards made to CFO David Williams and former CEO Richard Hurwitz in July 2018 by the previous Board under the Company's old option scheme. The awards made to Mr Hurwitz lapsed following his departure from the business in February 2019.

ISS have historically had issues with awards made under the previous option scheme, as they vested in less than three years and vesting is not subject to the achievement of performance conditions. From the Company's perspective, it is correct that awards under such scheme typically vested over a four year period, ¼ each year. The number of options awarded was dependent upon achievement against agreed performance conditions and KPIs for the previous financial year, but it is correct that vesting was not dependent on future performance.

While these two elements of the previous option scheme may not accord with ISS's own technical requirements, we would also note that AIM listed companies are usually afforded an element of flexibility in formalising their own arrangements provided that they are appropriate for the Company's own particular circumstances.

Moving forwards, the new LTIP scheme launched on 1 May 2019 as part of the new remuneration plan, provides for three year cliff vesting and vesting is dependent on achievement of performance conditions which will focus on revenue growth, EBITDA growth and increase in share price. We are therefore confident that the new LTIP scheme will meet the requirements imposed by ISS going forwards.

We therefore consider that the ISS recommendation on this resolution is unduly harsh in the circumstances and does not give due recognition to the hugely important work that has occurred in the last few months of our FY19 to bring the new remuneration plan into effect.

Resolution 8 – Authorise Board to Fix Remuneration of Auditors

We do not disagree with the ISS analysis that the non-audit fees paid to our old auditors, PWC LLP, during FY19 (i.e. the period 1st May 2018 to 30th April 2019) exceeded the audit fees for the year (despite the fact that non-audit fees for the relevant period have decreased materially from £543,000 in FY18 to £328,000 in FY19).

However, their conclusion in relation to this resolution does not take into consideration the fact that audit work for FY20 (i.e. the current financial year running from 1st May 2019 to 30th April 2020) and future years will be undertaken by the Company's new auditors, BDO LLP. Resolution 7 relates to the appointment of BDO LLP as the Company's new auditors and ISS are supportive of this resolution.

While audit work transfers to BDO LLP under the new arrangement, the existing non-audit work (which comprises providing the Company with advice in relation to e-invoicing product assistance, tax compliance services and ISAE 3402 review work) has not and will not transfer to BDO LLP and remains with PWC LLP.

Indeed, it was a major driving factor behind our tender process to find a new auditor who would not be providing such non-audit services.

The Board is also in the process of adopting a new non-audit services policy that will ensure that this will not occur, introducing a range of services that may not be undertaken by our new auditor and setting financial limits for any non-audit services that are permitted under the new policy.

Given that the resolution under consideration relates to the ability of our Audit Committee to set the fees for the auditors, we see that this resolution applies to future audit fees, which will arise from the work of our new auditors, BDO LLP, rather than just those of the past generated by our outgoing auditors PWC LLP. We therefore disagree with the conclusion that ISS has reached in relation to this resolution.

Conclusion

Commencing with the appointment of the new Board in late 2018, including my appointment as Chairman, the last ten months have been a period of substantial change for the Company, encompassing significant Board and management change, the launch and implementation of an extensive end-to-end Operating Review, and the resultant redefinition of Tungsten's strategy. The Operating Review in particular has led to fundamental changes in regard to governance, with a view to implementing best practice for AIM companies in all areas and in line with shareholder expectations.

We feel that our updated policies and processes are now fully in alignment with such best practice, and we would therefore ask that you vote in favour of all of the resolutions being tabled at this year's AGM, notwithstanding ISS's recommendations to the contrary in relation to resolutions 2 and 8.

Thank you for your continued support.

Kind regards,

Tony Bromovsky

Executive Chairman

Tungsten Corporation plc