



## CORPORATE GOVERNANCE STATEMENT – FINANCIAL YEAR ENDED 30 JUNE 2018

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council (3<sup>rd</sup> Edition) have been applied covering the financial year to 30 June 2018.

The Board has responsibility for corporate governance for the Company and its subsidiaries (the Group) and has implemented policies, procedures and systems of control with the objective of ensuring an appropriate framework for governance outcomes that meet the expectations of stakeholders.

This Statement sets out corporate governance practices adopted by the Board which were in place during the financial year ended 30 June 2018 unless otherwise noted. Where the Board considers that adoption of a recommendation is not applicable due to the size or complexity of the Group's operations this is separately detailed.

Further information relating to the Company's corporate governance practices and policies is publicly available on the Company's website at [www.resgen.com.au](http://www.resgen.com.au) as well as in the 2018 Annual Report.

The table below summarises the status of the Company's compliance with each of the recommendations contained in the ASX Principles and Recommendations at the date of this statement and discloses reasons for non-compliance where necessary.

ASX Corporate Governance Principles and Recommendations		Status
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
1.1	Companies should establish and disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the Board and those delegated to Management.	<i>Compliant</i> - see Board Charter.
1.2	A listed entity should: <ul style="list-style-type: none"> <li>• Undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and</li> <li>• Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<i>Compliant</i> - The Nomination Committee has the role and responsibility for ensuring that appropriate checks are conducted prior to appointing a new Director. Further detail is set out in this Corporate Governance Statement.

		Shareholders are provided with all relevant information available to the Board concerning the decision to elect or re-elect a Director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<i>Compliant</i> - written agreements are in place setting out the terms of appointment.
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair on all matters to do with the proper functioning of the board.	<i>Compliant</i> - the Company Secretary is accountable to the Board, through the Chair, on all matters to do with proper functioning of the Board.
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>• Disclose the policy or a summary of it; and</li> <li>• Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board, and the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation.</li> </ul>	<p><i>Compliant</i> - the Group has a Diversity Policy which documents the principles and commitment in relation to maintaining a diverse group of employees. This Policy can be located on the website.</p> <p>The Group has set measurable objectives for achieving diversity from a gender and Historically Disadvantaged South Africans (HDSA) perspective at both the Board and Management perspective.</p> <p>The 2018 Annual Report includes details of gender diversity and transformation plans post project funding at both the Board and Group level and the Board targets.</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>• Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<i>Compliant</i> - A self-assessment questionnaire was completed by each Director and forwarded to the Chairman for summarising and presenting at the November 2017 Board Meeting. The Board on a collective basis discussed the feedback and identified areas for focus

		The Nomination Committee plans to engage an external advisor to conduct individual performance reviews once Project funding has been secured and the Company is in the development phase.
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• Have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>• Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p><i>Non-Compliant-</i> Contractual arrangements for Executive short-term performance incentives were in place for FY18. At a Remuneration Committee Meeting held in June 2018 it was resolved to extend the period for this assessment due to the delay in securing Project funding and not to make any awards. It was agreed that KPI targets and formal performance assessments would be implemented once Financial Close for Project funding is achieved.</p>
<p><b>Principle 2 - Structure the board to add value</b></p>		
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a nomination committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attending</li> <li>• If it does not have a nomination committee disclose the fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	<p><i>Non-Compliant-</i> the Board has established a Nomination Committee which comprises of two Independent Non-executive Directors and two Non-executive Directors who are representatives of significant Shareholders.</p> <p>The Chair of the Committee is however an Independent Director. The Charter for the Nomination Committee can be accessed on the Company's website.</p> <p>The Nomination Committee met on four occasions during the 2018 financial year.</p>
2.2	<p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the</p>	<p><i>Compliant-</i> the Board has reviewed its composition and assessed a matrix of skills. The</p>

	Board currently has or is looking to achieve in its membership.	Board Skills Matrix is disclosed in an appendix to this Corporate Governance Statement and on page 25 of the Annual Report
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>The names of the directors considered by the Board to be independent directors;</li> <li>If a director has an interest, position, association or relationship of the type described in Box 2.3 (ASX independent guidelines) but the Board is of the opinion that it does not compromise the independence of the director, the nature of the relationship and an explanation of why the Board is of that opinion; and</li> <li>The length of service of each director.</li> </ul>	<i>Compliant-</i> further detail provided in this Corporate Governance Statement and the 2018 Annual Report
2.4	A majority of the board of a listed entity should be independent directors.	<i>Compliant-</i> at the date of this report the Board comprised of seven Directors four of whom are regarded as independent under the guidance provided for the ASX Principles and Recommendations.
2.5	The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<i>Non- Compliant-</i> the Chair is a representative of a significant Shareholder.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	<i>Compliant-</i> the Company has a program for inducting a new director. This program covers all aspects of the Company's activities and policies together with a site visit to the mine. The Company encourages Directors to actively participate in continuing professional development relevant to their qualifications and experience.
<b>Principle 3 – Act ethically and responsibly</b>		
3.1	<p>A Listed entity should:</p> <ul style="list-style-type: none"> <li>Have a Code of Conduct for its directors, senior executive and employees, and</li> </ul>	<i>Compliant-</i> the Group has a Code of Conduct which is included on the Company's website.

	<ul style="list-style-type: none"> <li>• Disclose the Code or summary of it.</li> </ul>	
<b>Principle 4 - Safeguard integrity in corporate reporting</b>		
4.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• Have an audit committee which has at least 3 members (all of whom are non-executive directors and a majority independent), be chaired by an independent director who is not Chair of the Board, disclose the committee charter, the relevant qualifications and experience of the members of the committee, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individual's attendance</li> <li>• If it does not have an audit committee disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	<p><i>Compliant</i> - the composition of the Committee comprised only of Independent Non-executive Directors (three members at year end).</p> <p>The Charter of the Committee is included on the Company's website. The qualifications of Committee members and the number of meetings held during the year are disclosed in the Annual Report (Directors' Report section).</p>
4.2	<p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><i>Compliant</i>- The Board received the <i>Corporations Act 2001</i>, Section 295A Declarations from the CEO and CFO before approving the consolidated financial statements.</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p><i>Compliant</i>- the Auditor is advised of the date, time and venue for the AGM and attended the AGM held on 22 November 2017.</p>
<b>Principle 5 - Make timely and balanced disclosure</b>		
5.1	<p>A listed entity should:</p>	<p><i>Compliant</i>- the Continuous Disclosure policy was reviewed and updated during the year and</p>

	<ul style="list-style-type: none"> <li>• Have a written policy for complying with its continuous disclosure obligations and the listing rules, and</li> <li>• Disclose the policy or a summary of it.</li> </ul>	is included on the Company's website
<b>Principle 6 - Respect the rights of security holders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p><i>Compliant-</i> the Company has a website (<a href="http://www.resgen.com.au">www.resgen.com.au</a>) where investors can locate information about the Group, its Directors, Senior Executives and the governance framework.</p> <p>The 2018 Annual Report includes a separate 'Corporate Governance' section.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p><i>Compliant-</i> the Company has a Shareholder Communications Policy which can be located on the website.</p> <p>Regular 'Shareholder Updates' are released to the market covering the status of project funding. These Updates include contact details for Company personnel.</p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<i>Compliant-</i> see the Shareholder Communications Policy which can be located on the website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<i>Compliant-</i> the Company encourages the use of electronic means of communication through registration with the share registry (Boardroom- Australia and Computershare- South Africa).
<b>Principle 7- Recognise and manage risk</b>		
7.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> <li>• Have a committee, or committees to oversee risk, each of which has at least 3 members (majority</li> </ul>	<i>Compliant-</i> the Company has a Risk Management Committee which is chaired by an Independent Director and

	<p>independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance.</p> <ul style="list-style-type: none"> <li>• If it does not have a risk committee, or committees that satisfy the above requirements, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	<p>comprises of a majority of Independent Directors. The Charter of the Committee is included on the Company's website.</p>
7.2	<p>The Board, or committee, of the Board should:</p> <ul style="list-style-type: none"> <li>• Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and</li> <li>• Disclose in relation to each reporting period whether such a review has taken place.</li> </ul>	<p><i>Compliant-</i> the Risk Management Committee last met on 15 August 2017 to review the operation of the risk management framework. Due to the delays in securing Project funding a further review towards the end of the financial year was not regarded as being warranted.</p>
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• If it has an internal audit function, how the function is structured and what role it performs, or</li> <li>• If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	<p><i>Compliant-</i> the Group does not have an internal audit function. Further details on how risk management processes and internal controls are evaluated and improved are set out in this Corporate Governance Statement.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks.</p>	<p><i>Compliant-</i> see further detail in this Corporate Governance Statement and the 2018 Annual Report.</p>
<p><b>Principle 8- Remunerate fairly and responsibly</b></p> <p>Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear</p>		
8.1	<p>The Board of a listed company should:</p>	<p><i>Non-Compliant-</i> the Board has established a Remuneration</p>

	<ul style="list-style-type: none"> <li>• Have a remuneration committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individual's attendance.</li> <li>• If it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	<p>Committee and the Charter is set out on the Company's website.</p> <p>Only one of the three members is regarded as being independent. The Committee is however chaired by the Independent Director.</p> <p>The two Non-Independent Directors are representatives of significant Shareholders. The early engagement with these significant Shareholders is viewed as important in securing support for remuneration policies and practices.</p> <p>Details of the number of Committee Meetings held during the year are disclosed in the 2018 Annual Report (Directors' Report section).</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><i>Compliant-</i> the Company has a Remuneration Policy which can be located on the website. In addition, the Remuneration Report included in the Annual Report provides further detail on how this policy has been implemented for the 2018 financial year.</p>
8.3	<p>A listed entity which has an equity based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>• Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk and participation in the scheme, and</li> <li>• Disclose that policy or a summary of it.</li> </ul>	<p><i>Compliant-</i> the Company has a Securities Trading Policy which prohibits the use of derivatives- see section 15 of this Policy. The Policy can be located on the Company's website.</p>



## **The Corporate Governance Principles and Recommendations**

### **Principle 1 – Lay solid foundations for management and oversight**

#### **Roles and responsibilities of the Board and Management**

The Company has established a Board Charter which details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel.

The Board Charter sets out the functions of the Board which include:

- Ensuring compliance with the Corporations Act, Accounting Standards and all other appropriate laws
- Ensuring compliance with all relevant regulations, in particular mining, safety and environmental regulation
- Ensuring compliance with all industrial and associated legislation
- Promoting ethical and responsible decision making
- Providing input into and final approval of management's development of corporate strategy and performance objectives
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures and dividend policy
- Monitoring senior management's performance and implementation of strategy and ensuring the appropriate resources are available
- Monitoring the operating and financial performance of the company and approving annual operating budgets
- Promoting a culture of workplace health and safety and environmental responsibility
- Promoting development of employees through appropriate training and education programmes
- Appointing the Chair and Deputy Chair
- Appointing and removing the Chief Executive Officer (CEO)
- Ratifying the appointment, and where appropriate the removal of the Chief Operating Officer (COO); Chief Financial Officer (CFO) and the Company Secretary
- Monitoring the performance of the Board, CEO and executive management ensuring a clear link between performance and remuneration
- Overseeing the integrity of the accounting and corporate reporting systems, including the external audit
- Ensuring that an appropriate overall framework of internal control is in place
- Ensuring that an appropriate framework is in place to monitor business risk
- Ensuring that capital markets are fully informed of material developments in a balanced and timely manner

- Monitoring the effectiveness of the governance processes
- Recognising the legitimate interests of all stakeholders

The day to day management of the Group's affairs and the implementation of the corporate strategy have been formally delegated by the Board to the Chief Executive Officer.

A copy of the Board Charter can be located on the Company's website.

### **Director Checks**

The Company performs checks on all new appointments to the Board which can include checks on a person's character, experience, education, criminal record and bankruptcy history.

New directors are required to provide consent for the conduct of background checks and also confirm their capacity to allocate the required time and effort to Company related matters.

Directors appointed to a casual vacancy must stand for re-election at the next AGM. At that time, the Notice of Meeting provides shareholders with information about the Director including details of relevant skills, experience and any other relevant information available to the board at that time. A similar approach together with disclosure of length of service is adopted for Directors standing for re-election under the Company's rotation policy.

### **Written Agreements with Directors**

The Company has a written agreement with all Non-Executive Directors which sets out the terms and conditions associated with their office.

### **Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters associated with the proper functioning of the Board and is allocated an agenda item at each board meeting to cover matters associated with the corporate governance of the Company.

The experience and qualifications of the Company Secretary are set out in Executive Management section of the Annual Report.

### **Diversity**

The Company has a Diversity Policy which documents the principles and commitment in relation to maintaining a diverse employee base within the Company. This policy can be found on the Company's website.

The Company recognises its success will result from a talented and diverse workforce, and is committed to workplace diversity. Diversity includes, but is not limited to, gender, age, race, religion, national origin, ethnicity, cultural background, marital status, sexual orientation or disability.

The diversity of an appropriate mix of South African citizens, reflecting adequate representation of females and Historically Disadvantaged South Africans (HDSA), and the appropriate qualifications of all staff are of prime concern. The Group's principal project, being the Boikarabelo Mine in South Africa, is fully Broad-based Black Economic Empowerment compliant. The BBBEE program is a legislated South African Government initiative to address the issues faced by Historically Disadvantaged South Africans.

Senior Management roles and positions are filled by the best candidates available without discrimination and the Group aims to increase diversity in senior appointments post project funding and has established an Executive and Management Transformation Plan – see page 12 of the Annual Report for more detail.

Diversity will be advanced by ensuring the Group retains appropriate recruitment practices, training regimes and management practices. In addition, the Nomination Committee will monitor progress at the Board level and the Social, Ethics and Transformation Committee at the workforce level.

The Company has set measurable objectives post funding for achieving gender and HDSA diversity at the Board level and workforce targets under the current Mining Charter.

The total proportions of males and females and HDSAs across the organisation are listed in the tables below:

Category	Male	Female	%age
Board	6	1	14%
Senior Management	5	2	29%
Staff	16	13	45%
<b>Total Organisation</b>	<b>27</b>	<b>16</b>	<b>37%</b>

Category	FY18	FY17
Gender Diversity	36%	32%
Transformation <sup>1</sup>	64%	59%

1-Transformation equates to number of HDSA employees to total employees

### Assessment of Board Performance

The Company has established a policy of reviewing the performance of its Board, its Committees and individual Directors as set out in the Nominations Charter. The process is to be managed by the Chairman of the Board and will initially be based on self-assessment feedback provided through a structured questionnaire. The results of the feedback are summarised and tabled for discussion.

It is the objective of the Nomination Committee to engage an external advisor to conduct individual performance reviews once Project funding has been secured and development activities are in progress.

### Assessment of Management Performance

The Board has established a Remuneration Committee with its own Charter and has approved a Remuneration Policy for the Group. One of the functions of the Committee is to oversee the framework established for managing the performance of Senior Sxecutives and Staff.

The CEO, COO, CFO and GM Operations had short term performance metrics established for FY18. The Remuneration Committee has agreed a process to have Short term incentive KPIs in place for all management personnel in FY19.

At a Remuneration Committee Meeting held in June 2018 it was resolved to extend the period for this assessment of short-term performance due to the delay in securing Project funding. It was agreed that KPI targets and formal performance assessments would be implemented once Financial Close for Project funding is achieved

No short-term incentives were awarded to Management for FY18. For further detail please see the Remuneration Report on pages 45-57 of the Annual Report.

## **Principle 2 - Structure the board to add value**

### **Nomination Committee**

The Board has established a Nomination Committee. The roles and responsibilities of a Nomination Committee are set out in a separate Charter which is included on the website.

The responsibilities of the Nomination committee include:

- Annually review the composition of the Board and make recommendations on the appropriate skill mix, personal qualities, expertise, ability to exercise independent judgement and diversity required to discharge the Board's duties;
- Recommend to the Chairman of the Board ways in which the skills, experience, and expertise levels of existing Directors can be enhanced through education;
- Recommend to the Board candidates the Committee considers appropriate for appointment to the Board having regard to the skills, experience, ability to exercise independent judgement and expertise assessments completed;
- Recommend to the Board candidates the Committee considers appropriate for removal from the Board having regard to the skills, experience, ability to exercise independent judgement and expertise assessments completed;
- Establish processes for:
  - a. the identification of suitable candidates for appointment to the Board and the selection procedures for the appointment; and
  - b. the removal of non-performing Directors.
- Ensure that an effective induction process for individual Directors of the Board is in place, with regular reviews of its effectiveness;
- Establish and maintain the selection, appointment and succession planning process of the Company's CEO;
- Establish and maintain the process for the review of the performance of individual Directors and the Board as a whole.

Nomination Committee comprises four Non-executive Directors, two of them being regarded as independent. The Chair of the Committee is an Independent Director.

The Nomination Committee met on four occasions during the 2018 financial year.

The Company's Constitution provides that at every Annual General Meeting, one third of the Directors shall retire from office but may stand for re-election.

### **Skills Matrix**

The Board has the objective of maintaining a mix of skills, personal qualities, expertise and experience which is commensurate with the size and current activities of the Company.

A Board Skills Matrix has been prepared based on individual self-assessment by each Director and has been reviewed by the Nomination Committee. The skills matrix considers the level of experience and expertise of the Board across the areas of industry, technical, corporate (including other board roles, finance, governance and risk, leadership and strategy). Once funding is secured the Nomination Committee plans to review the skills matrix to ensure that it has the experience and expertise to oversee the project execution phase. Diversity in representation on the Board is considered based on tenure, tertiary qualifications and in-country and geographic exposure.

The Nomination Committee has recently established targets of achieving a 25% female and 50% HDSA representation on the Board post project funding.

The Board Skills Matrix is attached to this Corporate Governance Statement in Appendix 1.

### **Independence**

Applying the ASX Guidelines on independence, it is considered that there are four Independent Directors of the seven member Board, being Dr Konji Sebati, Colin Gilligan, Robert Croll and Peter Watson at the reporting date of 30 June 2018.

A brief summary of the skills, experience and expertise of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report section. Five Directors were elected to the Board on 26 November 2015 and have therefore been in office for approximately two years and ten months at the date of this 2018 Corporate Governance Statement. Manish Dahiya was appointed as a representative of a significant shareholder and has only been in office since 17 May 2017 and Peter Watson was appointed to fill a casual vacancy on 22 November 2017.

Directors have the right to seek professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval of the Chairman is required, but this is not to be unreasonably withheld.

The Board is conscious of the need for independence and in this regard a 'conflicts register' is maintained. The register is tabled and reviewed for completeness at each Board meeting. Where a conflict of interest is identified the relevant Director(s) may be requested to leave the meeting to ensure full and frank discussion on the matter at hand.

### **Independence of the Chairman**

The Company's Chairman, Lulamile Xate, does not meet the ASX Corporate Governance assessment criteria for independence as he is a representative of a substantial shareholder in the Company.

### **Director Induction**

The Company has a program for inducting new Directors. The induction program covers all aspects of the Company's activities. The program includes a briefing on the Company structure and current

activities. In addition, a site visit is organised to the Boikarabelo Mine where operational personnel provide presentations on their areas of responsibility.

In order to develop and maintain the skills and knowledge required to perform their role, all Directors are encouraged to undertake continuing professional development in their fields of expertise. Directors will be granted reasonable access to resources and training in order to address any identified skills gap.

The Board has endorsed obtaining education and training assistance from the Institute of Directors in Southern Africa (IoDSA) as applicable.

### **Principle 3 - Act ethically and responsibly**

#### **Code of Conduct**

The Board acknowledges and emphasises to all Directors, employees and contractors the importance of maintaining the highest standards of governance and ethical conduct. A Code of Conduct has been developed and approved at the Group level. In addition, a Ledjadja Coal (Pty) Ltd- Ethical Behaviour Policy has been developed for the Boikarabelo Mine.

The Code of Conduct requires Directors, Employees and Contractors to:

- comply with the law;
- comply with the Company's Policies;
- act honestly and with integrity, and strive to earn and maintain the respect and trust of co-employees, customers and the community;
- work safely and with due regard for the safety and well-being of fellow employees, contractors, suppliers, customers and local communities;
- avoid situations which involve or may involve a conflict between their personal interests and the interests of the Company;
- show respect for local cultures;
- have due regard for cultural diversity in the workplace; and
- respect the environment and ensure that work activities are managed in an acceptable manner so as to give benefit to all stakeholders.

The Board has established a Social, Ethics and Transformation Committee which has a separate Charter. This Committee has amongst its responsibilities the obligation to report matters of social and ethical importance to the Board and shareholders.

The Company's Constitution permits Directors to acquire securities in the Company, however prohibits Directors, Senior management and Employees from dealing in the Company's securities at any time whilst in possession of price sensitive information.

Trading blackouts (Closed Periods) apply during:

- the period commencing one month prior to the scheduled release of the Company's half-yearly results to ASX [and JSE] and ending 24 hours after such release; and

- the period commencing one month prior to the scheduled release of the Company's full year results to ASX [and JSE] and ending 24 hours after such release; and
- the period commencing two weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting; and
- the period commencing two weeks prior to the scheduled release of the Company's Quarterly Activities Report and Cashflow to ASX [and JSE] and ending 24 hours after such release; and
- any additional period that the Board may specify from time to time.

Written approval must be obtained from a Clearance Officer (as defined in the policy) prior to dealing in the Company's securities.

In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Securities Exchange, the Company advises the ASX and JSE of any transaction conducted by Directors in securities in the Company.

The Code of Conduct and Securities Trading Policy are included on the Company's website.

#### **Principle 4 - Safeguard integrity in corporate reporting**

##### **Audit Committee**

The Company has established an Audit Committee.

The Audit Committee during the financial year comprised of Denis Gately (retired from the Board on 21 November 2017), Dr Konji Sebati, Leapeetswe Molotsane (ineligible from 3 March 2018 on appointment as Interim CEO) and Colin Gilligan. Peter Watson was also appointed to the Committee on 27 February 2018. The Committee consisted only of Independent Non-executive Directors during the year. The qualifications and experience of those appointed to the Audit Committee are included in the Annual Report- Directors' Report section.

The Audit Committee Charter can be found on the Company's website. Responsibilities of the Audit Committee include appointment, compensation and oversight of the independent auditor, review of the half year and full year financial statements and review of the governance framework.

The Audit Committee is also responsible for ensuring that the Group adopts, maintains and applies appropriate accounting and financial reporting policies and procedures.

The number of meetings of the Audit Committee and attendance at those meetings is shown in the Annual Report- Directors' Report section.

##### **CEO and CFO declarations**

Prior to approving the Annual Financial Statements the Audit Committee, on behalf of the Board, receives a section 295A (Corporations Act) declaration from the CEO and CFO.

The declarations (which are also obtained at the Half-Year) confirm that the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.

### **Auditor attendance at the AGM**

The Auditor is required to attend the Annual General Meeting of Shareholders. The Chairman allows Shareholders to ask questions of the auditor which concern the conduct of the audit and preparation of the Audit Report.

### **Principle 5 - Make timely and balanced disclosure**

#### **Continuous disclosure**

The Company has a written policy and procedure designed to ensure compliance with ASX Listing Rule continuous disclosure requirements and to ensure delegated accountability for compliance at a senior executive level. The Policy and Procedure was reviewed and updated during the current financial year.

It is the policy of the Company to act at all times with integrity and in accordance with law, including the disclosure requirements of the ASX and JSE Listing Rules, ASX Guidance Notes, the ASX Corporate Governance Council Recommendations and the Australian Corporations Act. The policy is included on the Company website.

The Company Secretary after receiving approval from Chairman and the CEO is responsible for communicating with the ASX and JSE in relation to Listing Rule matters including lodging market disclosures.

Deloitte & Touche Sponsor Services (Pty) Ltd acts as the Company's sponsor for its secondary listing on the JSE and is responsible for the Company's communications with the JSE.

All information released to the ASX and JSE is made available on the Company's website.

### **Principle 6 - Respect the rights of security holders**

#### **Information concerning the Company and its governance**

The Company has a Shareholder Communication policy and it is available on the Company's website at [www.resgen.com.au](http://www.resgen.com.au).

The Company website enables security holders to access information about the Company, Directors and the Company's governance framework and to register to receive corporate updates electronically once released to the market.

#### **Investor relations**

The Board aims to ensure that all shareholders are informed of major developments affecting Resource Generation Limited through regular shareholder communication. These include the annual and half yearly reports and the distribution of specific material covering major transactions and events. A 'Shareholder Update' is provided to shareholders on a regular basis.

The Company does not have a formally appointed investor relations manager due to the current size and scale of operations. This function is currently overseen by the Interim CEO with assistance from the company's media relations advisors in South Africa.

Information is communicated to security holders through:

- annual, half-yearly and quarterly activity reports;



- annual and other general meetings convened for shareholder review and approval of Board proposals;
- continuous disclosure of material matters released to the ASX/JSE for open access; and
- the Company's website where all market announcements, notices and financial reports are published as soon as possible after release.

Shareholders may at any time direct questions or requests for information to the Company Secretary, CEO or Chairman.

### **Participation at meetings of Security holders**

The Board's philosophy is to encourage full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with Resource Generation Limited's strategy and goals.

An opportunity will be provided for shareholders to raise questions on the matters of business put to the Annual General Meeting. Directors will also be available to interact with shareholders after the meeting.

### **Electronic communications**

Shareholders with access to the internet are encouraged to register on the Company's website or with the Company's share registry or transfer secretaries ([www.investorserve.com.au](http://www.investorserve.com.au) [Boardroom in Australia] or [www.computershare.com/za](http://www.computershare.com/za) [Computershare in South Africa]) in order to receive electronic notifications when market sensitive information is released to the market. Shareholders are also encouraged to register with the Share Registry or Transfer Secretaries in order to receive shareholder related information electronically, including Annual Reports and Notice of Meetings.

### **Principle 7- Recognise and manage risk**

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Board has identified, mitigates and monitors the significant areas of potential strategic and operational risk to the Group.

### **Risk Management Committee**

The Board has established a separate Risk Management Committee. The Charter for this committee can be found on the Company's website.

The Risk Management Committee members are risk aware and have appropriate understanding of the industry in which the Group operates. The primary purpose of the Risk Management Committee is to assist the Board to discharge its responsibilities in the following:

- Leading the Company's strategic direction in the management of material business risk;
- Oversight of the establishment and implementation of a risk management framework; and
- Reviewing the effectiveness of that risk management framework in identifying and managing risks and controlling internal processes

The Risk Management Committee is currently comprised of a majority of Independent Non-executive Directors being Colin Gilligan (chair) and Robert Croll. Leapeetswe Molotsane was also regarded as an Independent Director until his appointment on 3 March 2018 as Interim CEO and Managing Director.

The qualifications and experience of those appointed to the Risk Management Committee are included in the Annual Report- Directors' Report section.

The Company has a Risk Management Policy together with a Risk Management Strategy, Plan and Procedural document. Further detail is provided in the Annual Report on pages 26-30.

### **Risk Management oversight**

The Risk Management Committee is responsible for satisfying itself annually, or more frequently if required, that the Group's risk management framework continues to be sound. This review was conducted by the Committee in August 2017. No further update was conducted towards the end of the financial year due to the delays in securing funding to develop the Project.

The Company does not believe it is of a size that warrants an internal audit function. The Board and management maintain the required level of assurance through the implementation of a 'fit for purpose' system of internal controls which is monitored by both the Audit and Risk Management Committees. On an annual basis the CFO completes an Internal Control Evaluation Questionnaire covering the control environment and the results as considered by the Audit Committee.

### **Exposure to material economic, environmental and social responsibility risk**

The Group is focused on securing funding to complete the development of the Boikarabelo Coal Mining Project in the Waterberg District in South Africa. Consequently, there is a potential for material exposure to economic, environmental and sustainability risks.

The Group is acutely aware of the potential risks associated with a mining project and is committed to ensuring that sound health & safety, environmental and community relations practices are in place during the development and production phases of the project.

The Group has allocated responsibility for establishing and maintaining a culture of sound practice through Occupational Health and Safety, Environmental and Community Relations plans. The Management Plans in relation to these risks are the subject of an annual review.

The Group has material exposure to economic, environmental and social sustainability risks which are all managed through the Risk Management Framework. Specific risk mitigations are in place or being developed. Further detail is provided in the 2018 Annual Report.

#### ***Economic***

The Group is exposed to the global commodity price for coal as well as community sentiment towards carbon emissions. In this regard, the Company monitors the market fundamentals, is a member of the Chamber of Mines and undertakes regular community engagement meetings.

Key economic risk exposures managed under the Risk Management Policy relate to regulatory, funding, operational, dependency on key personnel and IT/data management.

#### ***Environmental***

The Group plans to be a responsible coal producer with the following considerations:

- As a new-generation producer the Group does not have legacies to deal with, and has access to the latest technologies and expertise; and

- The mine and plant are being planned and designed to minimise the footprint and maximise coal resource usage while preserving other precious resources such as water.

### **Social Responsibility (sustainability)**

The Group can and will contribute to the Waterberg region and the Country during the development and productions phases as follows:

- Through local job creation and skills development (including women in mining)
- The adoption of a comprehensive Social Labour Plan providing for the development of local infrastructure (roads, water and schools), local adult training and apprenticeships
- Significant contribution to the local economy.

Further detail of these commitments and contribution during FY18 is set out on pages 16-18 of the Annual Report.

### **Principle 8- Remunerate fairly and responsibly**

#### **Remuneration Committee**

The Board has established a Remuneration Committee which during the financial year comprised of three Directors, one of whom was independent. The Remuneration Committee comprises of Peter Watson (Independent Chair) and Lulamile Xate (Shareholder Representative) and Manish Dahiya (Shareholder Representative).

The Company has adopted a Remuneration Committee Charter, which is set out on the website.

#### **Disclosure of remuneration policies and practices**

The Company recognises the need to pay director remuneration that is sufficient to attract and retain quality directors and to design executive remuneration to attract, retain and motivate quality senior executives and to align their interests with the creation of value for shareholders. The remuneration principles are set out in the Remuneration Report in the Annual Report- pages 45-57.

Senior executives of the Company sign formal employment or contractor agreements at the time of their appointment covering matters including duties, responsibilities and entitlements. Key Performance Indicators (KPIs) associated with the role are specified for the CEO, COO, CFO and General Manager and linked to the short-term performance incentive plan. KPIs will be developed for the remainder of the senior management once the Project is in the development phase.

The Remuneration Committee intends to consider a long-term incentive plan aligned to the Company's strategic objectives once the funding for the project has been arranged.

The Company discloses in the Annual Report details of remuneration of Key Management Personnel which includes Directors and Senior Executives.

- END -

APPENDIX 1- BOARD SKILLS MATRIX

Skills and Experience Category	No. of Directors out of Seven
<b>Leadership and Governance</b>	
Board Experience and Corporate Governance	4
Strategy	6
Investor Relations	5
<b>Operations</b>	
Geological	1
Feasibility and Development	2
Mining and Processing	2
Sales and Marketing	4
Health and Safety	3
Environmental	3
Government and Community Relations	4
<b>Sector Experience</b>	
Exploration and Evaluation	1
Relevant Commodity Experience	5
<b>Finance and Risk</b>	
Accounting	2
Legal	1
Project Finance	1
Mergers & Acquisitions	5
Risk Management	5
<b>Tertiary Qualifications</b>	
Geology/Engineering	3
Accounting/Legal/Economics	3
Other	1

<b>Tenure on the Board</b>	
0-3 years	7
3-6 years	-

Skills were self-assessed by each Director based on a scale of 1-4 where 1 indicates limited experience and 4 strongly developed skills and experience at expert level. The table above has been completed on the basis of each individual attribute where the self-assessed rating was 3 or above.