



CORPORATE GOVERNANCE STATEMENT

Dated 30 June 2016

Adopted by the Board on 5 October 2016

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council (3rd Edition) have been applied covering the financial year to 30 June 2016.

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 2016 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

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 Principle and Recommendations		Status
Principle 1 – Lay solid foundations for management and oversight		
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	<p>A listed entity should:</p> <ul style="list-style-type: none"> • Undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director; and • 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. 	<p><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.</p> <p>Shareholders are provided with all relevant information available to the Board, which is relevant to a decision on whether or not to elect or re-elect a Director.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p><i>Compliant-</i> written agreements are in place setting out the terms of appointment.</p>
1.4	<p>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.</p>	<p><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.</p>
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> • 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; • Disclose the policy or a summary of it; and • 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. 	<p><i>Non- Compliant-</i> the Company has a Diversity Policy which documents the principles and commitment in relation to maintaining a diverse group of employees. The Company has not however set measurable objectives for achieving gender diversity due to the size of the Company and its current level of activities. The Company intends to review and establish quantifiable measures at the time that funding has been secured and development of the Boikarabelo Project is well progressed.</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> • Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and 	<p><i>Non-Compliant-</i> Shareholders approved a change of the Board on 26 November 2015. Whilst the new Board inherited a Company process for annually assessing</p>

	<ul style="list-style-type: none"> Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>performance of the Board, its committees and individual directors it is inappropriate to perform such reviews until completion of the first year in office. Further detail is provided in this Corporate Governance Statement.</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> Have and disclose a process for periodically evaluating the performance of its senior executives; and Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p><i>Non-Compliant-</i> Shareholders approved a change of the Board on 26 November 2015. As a result of this change a new CEO and CFO was appointed and the executive management function transferred to South Africa. Performance reviews of the newly appointed senior executives will be conducted after at least twelve months of service and prior to the end of the 30 June 2017 financial year.</p>
<p>Principle 2 - Structure the board to add value</p>		
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> 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 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. 	<p><i>Compliant-</i> the Board has established a Nomination Committee which comprises of three non-executive directors. The charter for the Nomination Committee can be accessed on the Company's website.</p> <p>The Nomination Committee did not meet during the 2016 financial year due to the change of the board on 26 November 2015.</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 Board currently has or is looking to achieve in its membership.</p>	<p><i>Compliant-</i> the Board has reviewed its composition and assessed a matrix of skills in light of its current operations. The Board Skills Matrix is disclosed in</p>

		an appendix to this Corporate Governance Statement
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> The names of the directors considered by the Board to be independent directors; 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 The length of service of each director. 	<i>Compliant-</i> further detail provided in this Corporate Governance Statement.
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 six directors five 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>Compliant-</i> the Chair is an independent director.
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 which was applied when there was a change on 26 November 2015. This program covers all aspects of the Company's activities and policies together with a site visit. The Company encourages Directors to actively participate in continuing professional development relevant to their qualifications and experience.
Principle 3 – Act ethically and responsibly		
3.1	<p>A Listed entity should:</p> <ul style="list-style-type: none"> Have a Code of Conduct for its directors, senior executive and employees, and 	<i>Compliant-</i> the Company has a Code of Conduct which is included on the Company's website.

	<ul style="list-style-type: none"> • Disclose the Code or summary of it. 	
Principle 4 - Safeguard integrity in corporate reporting		
4.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> • 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 individuals attendance • 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. 	<p><i>Non-Compliant-</i> the Company has an Audit Committee which comprises of a majority of Independent Directors however the Chair of the Committee is not independent.</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 Integrated 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 receives Australian Corporations Act Section 295A Declarations from the CEO and CFO before approving the 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 26 November 2015.</p>
Principle 5 - Make timely and balanced disclosure		
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> • Have a written policy for complying with its continuous disclosure obligations and the listing 	<p><i>Compliant-</i> the Continuous Disclosure policy is included on the Company's website</p>

	<p>rules, and</p> <ul style="list-style-type: none"> • Disclose the policy or a summary of it. 	
<p>Principle 6 - Respect the rights of security holders</p>		
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p><i>Compliant-</i> the Company has a website (www.resgen.com.au) where investors can locate information about the Company, its directors, senior executives and the Company's governance framework.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p><i>Compliant-</i> see Company has a Shareholder Communications Policy on the website. The Company is in the process of further improving communication channels with investors through redesign of the website and the engagement of a consultant to assist with a media and shareholder communication program.</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p><i>Compliant-</i> see the Shareholder Communications Policy on the website.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p><i>Compliant-</i> the Company encourages the use of electronic means of communication and facilities are available through registration with the share registry (Boardroom- Australia and Computershare- South Africa).</p>
<p>Principle 7- Recognise and manage risk</p>		
7.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> • Have a committee, or committees to oversee risk, each of 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 	<p><i>Compliant-</i> the Company has a Risk Management Committee which is chaired by an Independent Director and comprises of a majority of independent directors. The Charter of the Committee is included on the Company's</p>

	<p>individuals attendance.</p> <ul style="list-style-type: none"> 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. 	<p>website.</p>
7.2	<p>The Board, or committee, of the Board should:</p> <ul style="list-style-type: none"> Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and Disclose in relation to each reporting period whether such a review has taken place. 	<p><i>Compliant</i>- the Risk Management Committee appointed after 26 November 2015 has requested management to perform a full review and to document the risk management framework and plan being applied by the Company. A number of initiatives are underway in order to strengthen this framework ahead of the decision to develop the Boikarabelo Project.</p>
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> If it has an internal audit function, how the function is structured and what role it performs, or 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. 	<p><i>Compliant</i>- the Company 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 Integrated Annual Report.</p>
<p>Principle 8- Remunerate fairly and responsibly</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> <ul style="list-style-type: none"> 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 individuals attendance. 	<p><i>Non-Compliant</i>- the board has established a Remuneration Committee and the Charter is set out on the Company's website. Only one of the two current members is independent. The Board intends to appoint a further independent member to the Committee once the mine is operational (with larger employee</p>

	<ul style="list-style-type: none"> 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. 	<p>numbers). Details of the number of Committee meetings held during the year are disclosed in the Integrated 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 discloses its policy on remuneration in the Remuneration Report contained within the Company's Integrated Annual Report.</p>
8.3	<p>A listed entity which has an equity based remuneration scheme should:</p> <ul style="list-style-type: none"> 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 Disclose that policy or a summary of it. 	<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 is included 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 the Directors' Report which is part of the Integrated 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 Australian and South African citizens, reflecting adequate representation of the South African economically active population (EAP), and the appropriate qualifications of all staff are of prime concern. The company'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 Company aims to increase diversity in senior appointments as positions become available. Diversity will be advanced by ensuring the Company retains appropriate recruitment practices, training regimes and management practices.

The Company has not however set measurable objectives for achieving gender diversity due to the size and current level of activities. The Board in conjunction with the Nomination Committee continues to monitor diversity across the operations and will decide at the appropriate point in the future when to set such objectives. The total proportion of men and women across the organisation is listed in the table below:

Category	Male	Female	%age
Board	5	1	17%
Senior Management	8	2	20%
Staff	4	5	56%
Total Organisation	17	8	32%

Assessment of Board Performance

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

A review of board performance was not completed in the current reporting period as the composition of the whole board changed on 26 November 2015. The timing of the first review for the new Board will be scheduled upon completion of the first year in office and will occur prior to the end of the 2017 financial year.

Assessment of Management Performance

The Board has established a Remuneration Committee with its own charter. One of the functions of this Committee is to oversee the framework established for managing the performance of senior executives and staff.

As a result of the change in the Board on 26 November 2015, a new CEO, CFO and COO were appointed and the executive management function transferred to South Africa. Performance reviews of the newly appointed senior executives will be conducted after the first twelve months of service and prior to the end of the 30 June 2017 financial year.

Each member of the senior management team appointed since the change of the Board has key performance indicators (KPIs) associated with their role and responsibility. KPIs will be developed for other management personnel once Project Funding has been secured. Assessment of annual performance against these measures occurs as part of the short term incentive scheme - see the Remuneration Report in the Integrated Annual Report for details of the Company's Remuneration Policy.

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:
- the identification of suitable candidates for appointment to the Board and the selection procedures for the appointment; and
- 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 Resource Generation's Managing Director or CEO;
- Establish and maintain the process for the review of the performance of individual Directors and the Board as a whole.

The Nomination Committee did not meet during the 2016 financial year due to the change of the Board on 26 November 2015.

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 Board will be reviewing the skills matrix in order 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 board tenure, tertiary qualifications and in-country and geographic exposure.

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

Independence

Applying the ASX Guidelines on independence as set out in Box 2.3, it is considered that there are five independent Directors of the six member Board, being Denis Gately, Dr Konji Sebati, Colin Gilligan, Leapeetswe Molotsane and Robert Croll at the reporting date of 30 June 2016.

A brief summary of the skills, experience and expertise of each director who is in office at the date of the Integrated Annual Report and their term of office are detailed in the Directors' Report. All directors were elected to the Board on 26 November 2015 and will therefore been in office for seven months in relation this 2016 Corporate Governance Statement.

Independent directors have the right to seek independent 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. In the instance where a conflict of interest arises, the relevant director(s) leave the meeting to ensure full and frank discussion on the matter at hand.

Independence of the Chairman

The Company's Chairman, Denis Gately, meets the ASX Corporate Governance assessment criteria for independence.

Director Induction

The Company has a program for inducting new Directors. The induction program covers all aspects of the Company's activities. At the first board meeting after the appointments at 26 November 2015, a briefing was provided on the Company structure and current activities. In addition a site visit was organised to the Boikarabelo Mine where operational personnel provided 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.

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 corporate governance practice 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.

A Code of Conduct has been adopted requiring 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 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 is currently comprised of Lulamile Xate (chair), Denis Gately and Dr Konji Sebati. The Committee consists of a majority of independent non-executive directors. The qualifications and experience of those appointed to the Audit Committee are included in the Integrated 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 Integrated Annual Report- Directors' Report section.

CEO and CFO declarations

Prior to approving the full year financial statements the Audit Committee, on behalf of the Board, receives a section 295A (Corporations Act) declaration from the CEO and CFO.

At the half year declarations are provided confirming 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 permits 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.

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 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.

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 corporate update is provided to shareholders shortly after each board meeting.

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 Commercial Manager with assistance from the company's media relations advisors in both Australia and 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 [Boardroom in Australia] or 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 Integrated 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 Colin Gilligan (chair), Papi Molotsane and Robert Croll. The Committee consists of a majority of independent non-executive directors. The qualifications and experience of those appointed to the Risk Management Committee are included in the Integrated Annual Report- Directors' Report section.

The Company has a Risk Management Policy together with a Risk Management Strategy, Plan and Procedural document.

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 during the 3rd and 4th quarters and involved consideration of the Risk Management Strategy, Plan and Procedural framework together with a review of the Strategic Risk Register.

The Company does not believe it is of a size that warrants an internal audit function. However 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 the Audit and Risk Management Committees.

Exposure to material economic, environmental and social responsibility risk

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

The Group is very aware of the potential risk in this area 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 leading 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 Integrated 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 data management.

Environmental

The group is a new-generation, responsible coal producer

- As a new-generation producer we do not have legacies to deal with, and we have access to the latest technologies and expertise.
- Our mine and plant are being planned and designed to minimise our 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 region and the country

- We will do this 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.

Principle 8- Remunerate fairly and responsibly

Remuneration Committee

The Board has established a Remuneration Committee comprising of two directors, one of whom is independent. The Remuneration Committee comprises of Denis Gately (Chair) and Lulamile Xate. The Board intends to appoint a further independent member to the Committee once the mine is operational (with larger employee numbers).

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 high quality directors and to design executive remuneration to attract, retain and motivate high 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 Integrated Annual Report.

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 associated with the role are specified and linked to the short term performance incentive plan. The Remuneration Committee intends to consider a long-term incentive plan aligned to the Company's strategic objectives once the finance for the project has been arranged.

The Company discloses in its Integrated Annual Report (Remuneration Report section) details of remuneration of Key Management Personnel which includes directors and senior executives.

APPENDIX 1- BOARD SKILLS MATRIX

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

Tenure on the Board	
0-3 years	6
3-6 years	-

Skills were self-assessed by each director based on a scale of 1-4 where 1 indicated 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 with a rating of 3 or above.