



Resolute

Corporate Governance Statement

as at 30 June 2016



Resolute

Corporate Governance Statement

The Board of Directors of Resolute Mining Limited ("RML" or "the Company") is responsible for the corporate governance of the consolidated entity (the "Group"). The Board guides and monitors the business and affairs of RML on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted the "Corporate Governance Principles and Recommendations 3rd edition" established by the ASX Corporate Governance Council and published by the Australian Securities Exchange ("ASX") in March 2014.

A description of the Company's main corporate governance practices is set out below. All practices, unless otherwise stated, were in place for the entire year. We have set out our practices in line with the principles established by the ASX.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 The Board of Directors

The Board have established a "Statement of Matters Reserved to the Board" which can be viewed [here](#). This outlines the functions reserved to the Board and those delegated to management, and demonstrates that the responsibilities and functions of the Board are distinct from management.

The key responsibilities of the Board include:

- appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- assuring itself that appropriate audit arrangements are in place;
- ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Business Ethics and that the Company practice is consistent with that Code; and,
- reporting to and advising shareholders.

2. STRUCTURE THE BOARD TO ADD VALUE

2.1 Board composition

The Board is comprised of 4 non-executive Directors including the Chairman and one executive director being the CEO.

The table below sets out the detail of the tenure of each director as at 30 June 2016.

Director	Role of Director	First Appointed (a)	Qualification
Peter Ernest Huston	Non-executive chairman	Jun 2001	B. Juris, LLB (Hons), B.Com., LLM
Peter Ross Sullivan	Non-executive director	Jun 2001	B.E., MBA
Henry Thomas Stuart Price	Non-executive director	Nov 2003	B.Com., FCA, MAICD
Martin Johan Botha	Non-executive director	Feb 2014	BSc Eng
John Paul Welborn	CEO	Feb 2015	B.Com, CA, FAIM, SA Fin, MAICD, MAusIMM

Director	Non-executive	Independent	Gender
Peter Ernest Huston	Yes	Yes	Male
Peter Ross Sullivan	Yes	No	Male
Henry Thomas Stuart Price	Yes	Yes	Male
Martin Johan Botha	Yes	Yes	Male
John Paul Welborn	No	No	Male

(a) RML was incorporated on 8 June 2001.

Details of the members of the Board including their experience, expertise and qualifications are set out in the Directors' Report under the heading "Directors" in the latest Annual Report which can be viewed [here](#).

In relation to the term of office, the Company's constitution specifies that one third of all Directors (with the exception of the CEO) must retire from office annually and are eligible for re-election.

2.2 The Board of Directors' Skills Matrix

The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by personnel having substantial skills and experience in operational management, mining and technical, capital projects, strategy/risk, finance, listed resource companies, equity markets and sustainability and stakeholder management.

Each Director brings a unique and varied skillset covering relevant aspects of the desired mix of skills and diversity required in the composition of the Board, and each Director has the right of access to all Company information and to the senior Executive team.

The table below summarises the 5 Directors' areas of competence, skills and experience.

Category	Number of Directors
Executive Leadership Sustainable success in business at a very senior executive level in a successful career.	5
Global Experience Senior management or equivalent experience in multiple global locations, exposed to a range of political, cultural, regulatory and business environments.	5
Governance Commitment to the highest standards of governance, including experience with a major organisation that is subject to rigorous governance standards, and an ability to assess the effectiveness of senior management.	4
Strategy/Risk Track record of developing and implementing a successful strategy, including appropriately probing and challenging management on the delivery of agreed strategic planning objectives. Track record in developing an asset or business portfolio over the long term that remains resilient to systemic risk.	4
Financial Acumen Senior executive or equivalent experience in business strategy including competitive business analysis, financial and management accounting and reporting, corporate transactions and finance including mergers and acquisition, financial control implementation and assessment, risk management and other assurance (e.g. audit), taxation and legal.	5
Capital projects Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons.	4
Sustainability and Stakeholder Management Experience related to workplace health and safety, environmental and social responsibility, human resources, industrial relations and community relations.	2
Remuneration Board Remuneration Committee membership or management experience in relation to remuneration, including incentive programs and pensions/ superannuation and the legislation and contractual framework governing remuneration.	5
Mining and Technical Senior executive experience in a large mining organisation combined with an understanding of the Group's corporate purpose to create long-term shareholder value through the discovery, acquisition, development and marketing of natural resources.	2
Gold Senior executive experience in the gold industry, including in-depth knowledge of the Group's strategy, markets, competitors, operational issues, technology and regulatory concerns.	2

Diversity of the Board	
Gender	5 males at 30 June 2016
Tenure	0 - 3 years: 2 directors 9+ years: 3 directors

2.3 Board Independence

Directors are expected to contribute independent views to the Board.

The Board has adopted specific principles in relation to the Directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- Not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment.
- Within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided.
- Not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Must have no material contractual relationship with the Company or another group member other than as a director of the Company.
- Not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is based on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual Directors net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed to be material if knowledge of it impacts the shareholders' understanding of the director's performance.

The Board regularly reviews and considers the positions and associations of each of the 5 Directors in office. As at the date of this Statement the Board considers that 3 of the 5 directors are independent. Neither Mr P. Sullivan (CEO up until 30 June 2015) nor Mr J. Welborn (CEO from 1 July 2015) are considered to be independent. Accordingly, the majority of the Board including the Chairman are independent.

The Board acknowledges that Mr H. Price and Mr P. Huston have been long-serving Directors of the Company with greater than nine years of service each. The Board has formed the view that Mr H. Price and Mr P. Huston have significant experience and still bring independent contribution to the Board processes, and that their tenure does not compromise their ability to be classified as independent Directors.

2.4 Role of the Chairman and CEO

The roles of the Chairman and the CEO are not exercised by the same individual.

2.5 Responsibilities of the Chairman

The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted and for ensuring Directors are properly briefed for meetings.

2.6 Responsibilities of the CEO

The Board has delegated responsibility for the day-to-day activities to the CEO and the Executive Committee. The CEO is accountable to the Board for all authority delegated to that position and the Executive Committee.

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense.

3. ACT ETHICALLY AND RESPONSIBLY

3.1 Diversity

In accordance with best governance practice a diversity policy has been established which includes the review of diversity within RML by considering board composition, executive composition and employee composition by gender.

Resolute's Diversity Policy applies to all Resolute employees and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment, training and other aspects of employment. Details of the policy are set out on RML's website [here](#).

The Diversity Policy includes a goal to contribute positively to the success of the Company by promoting a high performance culture that draws on the diverse and relevant experience, skills, expertise, perspectives and the unique personal attributes of its board members and employees. In accordance with this Charter, the directors have set measurable objectives towards establishing this goal. Details of these objectives and the progress towards achieving them are provided in the table below.

Measurable Objective	Activity During Year												
To include in the Remuneration & Nomination Committee Charter responsibility for diversity, including an annual review and report to the board on the: a. progress towards achieving these measurable objectives and overall effectiveness of the policy; b. proportion of women and men in the Resolute workforce at three levels in the organisation (board level, senior management and the whole organisation), including benchmarking this data against relevant industry standards where possible; and, c. remuneration by gender together with any recommendations to the board	The Charter updated in November 2012 includes responsibilities for diversity, including the introduction of an Annual Review and Report to the board on gender diversity. The measurable objectives are being progressed and the overall effectiveness of the policy will be ascertained in the coming reporting periods. The proportion of women in the entire Resolute workforce are as follows: <table><tr><td><u>Category</u></td><td><u>As at 30/6/16</u></td><td><u>As at 30/6/15</u></td></tr><tr><td>Board Level*</td><td>0%</td><td>0%</td></tr><tr><td>Senior Management</td><td>14%</td><td>0%</td></tr><tr><td>Whole organisation</td><td>9%</td><td>10%</td></tr></table> This information has been collated and provided in the annual review and report to the board.	<u>Category</u>	<u>As at 30/6/16</u>	<u>As at 30/6/15</u>	Board Level*	0%	0%	Senior Management	14%	0%	Whole organisation	9%	10%
<u>Category</u>	<u>As at 30/6/16</u>	<u>As at 30/6/15</u>											
Board Level*	0%	0%											
Senior Management	14%	0%											
Whole organisation	9%	10%											
To engage consultants that support and promote the Company’s diversity policy	Resolute continues to engage consultants that are encouraged to put forward a diverse range of applicants for a vacant position.												
To ensure that candidate lists for permanent employee positions are suitably qualified and where possible recognisably diverse by age, sex or ethnicity	Resolute’s main recruitment objective continues to be focussed on offering jobs to the best qualified applicant, regardless of their age, sex or ethnicity. To achieve this, it continues to compile a diverse range of candidates on its shortlists. This is cognisant of the fact that different types of applicants will be more likely to over or under sell themselves in a Résumé.												
To develop local employees with a view to replacing expatriate employees with locals when they are adequately developed.	Approximately 3 expatriate employees were replaced with local employees during the past year.												
To consider diversity when reviewing board succession plans with the aim to have gender representation and diversity	There were no board appointments made during the 2015/16 year. Future appointments will take into account the need for appropriate diversity of skills and gender.												

3.2 Ethical standards and code of conduct

The Board acknowledges the need for the highest standards of corporate governance and ethical conduct by all Directors and employees of the consolidated entity. As such, the Company has developed a Code of Conduct which has been fully endorsed by the Board and applies to all Directors and employees. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the consolidated entity. This concerns the propriety of decision making in conflict of interest situations and quality decision making for the benefit of shareholders.

A copy of the Company's Code of Conduct can be found [here](#), including the policy for reporting and investigating unethical practices, which can be found [here](#).

3.3 Securities trading

The Board has adopted the "Dealings in Resolute Mining Limited Securities Trading Policy", which can be found [here](#), (which is driven by the Corporations Act 2001 requirements) that applies to all Directors, officers and employees of the Company. Under this policy and the Corporations Act 2001, it is illegal for Directors, officers or employees who have price sensitive information relating to the Group which has not been published or which is not otherwise "generally available" to:

- Buy, sell or otherwise deal in the Company's securities;
- Advise, procure or encourage another person (for example, a family member, a friend, a family Company or trust) to buy or sell Company securities; or
- Pass on information to any other person, if one knows or ought to reasonably know that the person may use the information to buy or sell (or procure another person to buy or sell) Company securities.
- Subject to clause 2.5 of the RML Securities Trading Policy, trading in the securities of the Company one week before the release of the Company's Quarterly, Half yearly or Preliminary Final Report to the ASX is prohibited.

Furthermore, the Company prohibits directors or executives from entering into arrangements to protect the value of unvested Resolute Mining Limited securities that the Director or executive may become entitled to as part of his/her remuneration package. This includes entering into contracts to hedge their exposure to securities that may vest to him/her in the future.

4. SAFEGUARD INTEGRITY IN CORPORATE PLANNING

4.1 Corporate reporting certifications

The Company's Chief Executive Officer (Mr J. Welborn, Managing Director) and Chief Financial Officer (Mr G. Fitzgerald) have provided the Board with the appropriate assurances in relation to full year and half year statutory financial reports during the reporting period.

These assurances include declarations in accordance with Section 295A of the Corporations Act 2001 (Cth) that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards, and that they give a true and fair view of the financial

position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.2 Audit committee

The Audit Committee comprises Mr H. Price (Chairman), Mr P. Huston and Mr M. Botha all of whom are Non-Executive Independent Directors. All members of the Audit Committee consider themselves to be financially literate and have significant understanding of the industry in which the Company operates. The attendance record in the current year of members at the Committee meetings is noted in the Directors' Report under the heading "Directors' Meetings" in the latest Annual Report [here](#).

Details of the members of the Board including their experience, expertise and qualifications are set out in the Directors' Report under the heading "Directors".

The Committee operates under a charter approved by the Board which can be found [here](#). It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Committee also provides the Board with additional assurance regarding the reliability of the financial information for inclusion in the financial reports.

The Audit Committee is also responsible for:

- Ensuring compliance with statutory responsibilities relating to accounting policy and disclosure;
- Liaising with, discussing and resolving relevant issues with the auditors;
- Assessing the adequacy of accounting, financial and operating controls; and,
- Reviewing half-year and annual financial statements before submission to the Board.

4.3 External auditors

The Company's external auditor, Ernst & Young, is invited to, and attends, the Annual General Meeting. The Auditor's presence is made known to Shareholders during the meeting, and Shareholders are provided with an opportunity to address questions to the Auditor relevant to the audit and the preparation and content of the Auditor's Report.

The external auditor is invited to attend Audit and Risk Committee Meetings at least twice yearly, or at the request of the Committee. As noted in the Audit Committee charter, the performance and independence of the auditors is reviewed by the Audit Committee.

Ernst & Young's existing policy requires that its audit team provide a statement as to their independence. This statement was received by the Audit Committee for the current financial year.

Ernst & Young and the Corporations Act 2001 has a policy for the rotation of the lead audit partner.

5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous disclosure

The Board has an established disclosure policy which can be viewed [here](#). The Company is committed to:

- Ensuring that stakeholders have the opportunity to access externally available information issued by the Company;
- Providing full and timely information to the market about the Company's activities; and,

- Complying with the obligations contained in the ASX Listing Rules and the Corporations Act 2001 relating to continuous disclosure.

The Board has designated the CEO and the Company Secretary as the responsible officers for communication with the ASX. This involves complying with the continuous disclosure requirements outlined in the ASX Listing Rules, ensuring that disclosure with the ASX is co-ordinated and being responsible for administering and implementing the policy.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Shareholder communication

The Board has established a communications strategy which can be viewed [here](#). The Company's website (www.rml.com.au) provides information on the Company including its background, objectives, projects and contact details.

The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement. ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary and kept informed of all major developments affecting the Company in a timely and effective manner. Information is communicated to the market and shareholders through:

- The annual report which is distributed or made available to all shareholders.
- Half yearly, quarterly reports and all ASX announcements which are posted on the entity's website.
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.
- Continuous disclosure announcements made to the Australian Securities Exchange.

The Company conducts conference calls following the release of its periodic results. These calls may also be conducted following the release of material price sensitive information, such as a major acquisition or discovery. The conference calls are hosted by the CEO & Managing Director, and accompanied by other executives as required, and are open for investors, analysts and the media to attend via telephone. Sufficient time is allowed for questions and answers. The general public can access the conference call at the time it is being undertaken, or access it at a later time.

7. RECOGNISE AND MANAGE RISK

7.1 Risk management

The Board recognises the importance of identifying and controlling risks to ensure that they do not have a negative impact on the Company.

In accordance with the ASX Principle 7, the Board has an established Risk Management policy which can be viewed [here](#), which is designed to safeguard the assets and interests of the Company and to ensure the integrity of reporting.

The CEO and the Chief Financial Officer will inform the Board annually in writing that:

- The sign off given on the financial statements is founded on a sound system of risk management and internal control compliance which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control systems is operating effectively and efficiently in all material respects.

The Board has established the following Sub Committees to assist in internal control and business risk management:

- Audit Committee
- Remuneration and Nomination Committee
- Environment and Community Development Committee
- Safety, Security and Occupational Health Committee
- Financial Risk Management Committee

The function of the Audit Committee and the Remuneration and Nomination Committee are outlined above. The function of the other Committees noted above are as follows:

7.2 Environment and Community Development Committee

The main responsibility of this Committee is to monitor and review RML's environmental performance and compliance with relevant legislation and oversee Community Relations.

Information on compliance with significant environmental regulations is set out in the Directors' Report in the latest Annual Report which can be viewed [here](#).

7.3 Safety, Security and Occupational Health Committee

The main functions of this Committee are to oversee an employee education program designed to increase employee awareness of safety, security and health issues in the workplace and monitor safety statistics and report to the Board on the results of incident investigations.

7.4 Financial Risk Management Committee

The main responsibility of this Committee is to oversee risk management strategies in relation to gold hedging, currency hedging, debt management, capital management, cash management, insurance, tax risk management, and other items as they arise from time to time. This committee reviews risk management on a regular basis and evaluates the consequences of financial risks and puts in place mitigating measures where appropriate.

The Board members and their attendance at meetings is outlined in the Directors' Report in the latest Annual Report which can be viewed [here](#). Senior members of management who specialise in each area also form part of the respective Committees. The committee does not contain a majority of independent directors nor is it chaired by an independent director.

7.5 Internal audit function

The company did not have an internal audit function for the past financial year. The Audit Committee monitors the need for an internal audit function having regard to the size, location and complexity of the company's operations and monitors the quality of the accounting function.

The Audit Committee ensures that appropriately qualified personnel with the suitable skill sets are employed to manage the accounting function and to continually improve controls and systems. The Company's management periodically undertakes an internal review of financial systems and processes. Where systems are considered to require improvement these systems are developed.

8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration and Nomination Committee

The Remuneration and Nomination Committee ensure that the Board members are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the Executive Committee.

The Remuneration and Nomination Committee consists of the following non-executive Directors, Mr M. Botha (Chairman), Mr P. Huston and Mr H. Price. The attendance record in the current year of members at the Committee meetings is noted in the Directors' Report under the heading "Directors' Meetings" in the latest Annual Report which can be viewed [here](#).

The Remuneration and Nomination Committee is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the CEO, the executive team and employees. In addition, they are responsible for reviewing the appropriateness of the size of the Board relative to its various responsibilities. Recommendations are made to the Board on these matters. Further roles and responsibilities of this Committee, including a description of the procedure for the selection, appointment and re-election of incumbents, can be found in the Committee's charter which is posted on the Company website.

A performance evaluation of senior executives took place during the financial year and was conducted in accordance with the procedures outlined by the Remuneration and Nomination Committee.

8.1 Remuneration policies

This policy governs the operations of the Remuneration and Nomination Committee. The Committee reviews and reassesses the policy at least annually and obtains the approval of the Board.

The Remuneration and Nomination Committee are responsible for developing measurable objectives and evaluating progress against these objectives.

The details of the Directors' and Officers' remuneration policies are provided in the Directors' Report under the heading "Remuneration Report" in the latest Annual Report which can be viewed [here](#).