

## **Rand Mining Limited**

### **2016 Corporate Governance Statement**

This Corporate Governance Statement of Rand Mining Limited (the ‘**Company**’) has been prepared in accordance with the 3<sup>rd</sup> Edition of the Australian Securities Exchange’s (‘ASX’) Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (‘ASX Principles and Recommendations’). The Company’s ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, our website or Annual Report, is contained on our website at [www.randmining.com.au](http://www.randmining.com.au)

This statement has been approved by the Company’s Board of Directors (‘Board’) and is current as at 29 September 2016.

The ASX Principles and Recommendations and the Company’s response as to how and whether it follows those recommendations are set out below.

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

***Recommendation 1.1 - A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.***

The Board is ultimately accountable for the performance of the Company and provides leadership and sets the strategic objectives of the Company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the Company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought the Board’s attention. They must operate within the risk and authorisation parameters set by the Board.

The Board has adopted a Delegations of Authority that sets limits of authority for senior executives.

***Recommendation 1.2 - A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) 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.***

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

***Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.***

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

***Recommendation 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.***

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

***Recommendation 1.5 - A listed entity should (a) 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; (b) disclose that policy or a summary of it; and (c) 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 in accordance with the entity’s diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or (2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.***

The Company has a diversity policy which states that the Board may set measurable objectives for achieving gender

diversity and to assess the objectives and the Company's progress towards achieving them on an annual basis. The diversity policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment enables the Company to attract and retain employees with the best skills and abilities.

As at the date of this report, 20% of the organisation were women (80% men); and 20% of senior executive positions were occupied by women (80% men). For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.

The Company has not set measurable objectives for gender diversity, however, given the size and nature of the company, it is not considered appropriate or practical at this stage but will continue to provide a work environment that promotes fairness and respect for all employees.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators to be disclosed.

***Recommendation 1.6 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.***

The Board reviews its performance annually, as well as the performance of individual Committees and individual directors (including the performance of the Chairman as Chairman of the Board). The use of an external facilitator may be utilised periodically to assist in the review process. The review for the current financial year occurred 29 September 2016 and was led by the Chairman. The process included collective Board discussions and individual interviews conducted by the Chairman. The review of the Chairman's role was conducted by the Managing Director/CEO.

***Recommendation 1.7 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.***

The Board (with the exception of the Managing Director/CEO) conducts an annual performance assessment of the Managing Director at the start of the year. The Managing Director undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function and the overall performance of the Company. Such reviews were conducted during September 2016.

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

***Recommendation 2.1 - The board of a listed entity should (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that 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.***

Given the company's current size and nature, the Board has not established a separate Nomination Committee. The Board considers that the current Board is a cost effective and practical method of managing the nomination functions of the company. Accordingly, the duties of the Nomination Committee, as set out in the Nomination Committee Charter on the company's website, are currently undertaken by the full Board. Each year the Board will review the necessity or ability to establish a separate Nomination Committee and, if appropriate, delegate certain responsibilities to such Committee.

The Board has adopted a Nomination Committee Charter which it follows when considering matters that would usually be considered by a Nomination Committee.

The Company has no independent directors. Otakar Demis and Anthony Billis are not considered independent by virtue of their positions as Executive Chairman and Executive Director respectively. In addition, Otakar Demis, Anthony Billis and Gordon Sklenka are not considered independent as they are directors of Tribune Resources Limited, which holds more than 5% of the shares of the Company.

The directors are satisfied that the composition and structure of the Board is appropriate for the size of the company and the nature of its operations. The membership of the Board, its activities and composition, along with the balance of skills and attributes of its members is subject to periodic review.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

***Recommendation 2.2 - 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.***

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR, policy development, international business and customer relationship. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

***Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.***

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

| Director's name | Appointment date               | Length of service at reporting date | Independence status           |
|-----------------|--------------------------------|-------------------------------------|-------------------------------|
| Antony Billis   | 22 January 2003                | 13.5 years                          | Not-independent Executive     |
| Otakar Demis    | Director-<br>29 November 1985  | 30.5 years                          | Not-independent Non-Executive |
|                 | Secretary – 23<br>October 1986 | 29.5 years                          |                               |
| Gordon Sklenka  | 16 August 2004                 | 12 years                            | Not-independent Non-Executive |

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

***Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.***

The majority of the board are not independent directors. However, the directors are satisfied that the composition and structure of the Board is appropriate for the size of the company and the nature of its operations.

***Recommendation 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.***

The Chairman of the Board, Otakar Demis, is not an independent Director for the reasons set out in 2.1 above.

***Recommendation 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 role as directors effectively.***

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the Company's operations and background. Directors are able to access director development programs and CPD events to ensure that directors can enhance their skills and remain abreast of important developments.

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

***Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.***

The Company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires that each person act honestly, in good faith and in the best interests of the Company; exercise a duty of care; use the powers of office in the best interests of the Company and not for personal gain, declare any conflict of interest; safeguard Company's assets and information and undertake any action that may jeopardise the reputation of Company.

A copy of the Code of Conduct is available on the company's website.

The company also has adopted a Securities Trading Policy that establishes a procedure for dealings in the company's securities by Directors, senior executives, employees, and related parties, and also dealings in securities of other entities with whom the company may have business dealings. The Securities Trading Policy is further described at the end of this Corporate Governance Statement under the section titled 'Dealing in Company Securities'. A copy of Securities Trading Policy is available in the Corporate Governance section of the company's website.

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

***Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) 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.***

The Board believes the Company is not currently of a sufficient size, nor its financial affairs of such complexity to justify the formation of a separate Audit and Risk Committee. The full Board undertakes the functions normally associated with an Audit and Risk Committee. Each year the Board will review the necessity or ability to establish a separate Audit and Risk Committee and, if appropriate, delegate certain responsibilities to such Committee.

The Board has adopted an Audit and Risk Committee Charter which it follows when considering matters that would usually be considered by an audit committee.

The Charter of the Committee is available at the Company's website and outlines the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

***Recommendation 4.2 - 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.***

For the financial year ended 30 June 2016 and the half-year ended 31 December 2015, the Company's CEO and CFO provided the Board with the required declarations.

***Recommendation 4.3 - 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.***

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

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

***Recommendation 5.1 - A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.***

The Company maintains a Continuous Disclosure Policy that outlines the responsibilities relating to the directors, officers and employees in complying with the Company's disclosure obligations under the ASX Listing Rules and the Corporations Act 2001.

Under the terms of the Continuous Disclosure Policy, the Chairman, Managing Director and Company Secretary are primarily responsible for making decisions about what information will be disclosed to the ASX. Approval is sought from the Board on all significant matters. Employees must inform the Managing Director, Chairman or Company Secretary of any potentially material price or value sensitive information as soon as they become aware of it.

The Continuous Disclosure Policy is available on the company's website.

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

***Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.***

The Company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the Company's website.

#### ***Recommendations 6.2 and 6.3***

***A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).***

***A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).***

The Company encourages shareholders to attend its AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to promptly.

***Recommendation 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.***

The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Advanced Share Registry, at <http://www.advancedshare.com.au/>

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

#### ***Recommendations 7.1 & 7.2***

***The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).***

***The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).***

The Company has established policies for the oversight and management of material business risks. The Board is responsible for overseeing risk management strategy and policies, internal compliance and internal control.

The Risk Management Policy is available on the company's website.

The Company has identified key risks within the business. In the ordinary course of business, management monitors and manages those risks. The responsibility for undertaking and assessing risk management and internal control

effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back to the Board quarterly.

Key operational and financial risks are presented to and reviewed by the Board at each Board meeting.

***Recommendation 7.3 - A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) 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.***

The Company does not have an internal audit function, however given the size and nature of the Company, the Board has deemed this appropriate at this time. The Board, in conjunction with the CFO discuss risk management and control procedures on a quarterly basis.

***Recommendation 7.4 - 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.***

Refer to the Company's Annual Report for disclosures relating to the Company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the Company's risk management framework.

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

***Recommendation 8.1 - The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) 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.***

The Board has not established a separate Remuneration Committee. Given the company's current size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the company. Accordingly, the duties of the Remuneration Committee are currently undertaken by the full Board. Each year the Board will review the necessity or ability to establish a separate Remuneration Committee and, if appropriate, delegate certain responsibilities to such Committee.

The Board has adopted a Remuneration Committee Charter which it follows when considering matters that would usually be considered by a remuneration committee. The Board reviews the level and composition of remuneration and senior executives on an annual basis in accordance with its Performance Evaluation Policy to ensure that remuneration is reasonable and performance objectives are being met.

***Recommendation 8.2 - 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.***

The company has separate policies relating to the remuneration of Non-Executive Directors and that of Executive Directors and senior executives. This information is detailed in the Remuneration Report, which forms part of the Directors' Report in this Annual Report.

***Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (a) 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 of participating in the scheme; and (b) disclose that policy or a summary of it***

The Company does not have an equity-based remuneration scheme.