



## COMPLIANCE IN TERMS OF THE KING CODE ON CORPORATE GOVERNANCE FOR SOUTH AFRICA, 2009

AS AT 28 FEBRUARY 2015

	PRINCIPLE(S)	COMPLY	PARTIALLY COMPLY	UNDER REVIEW/ DO NOT COMPLY	APPLICATION OF THE PRINCIPLE(S)
<b>1. Ethical leadership and corporate citizenship</b>					
Responsible leadership	1.1 The board should provide effective leadership based on an ethical foundation	✓			The ethical foundation on which the board provides effective leadership is incorporated in the group code of ethical conduct and the social and ethics committee charter. The group's values are included in the 2013 integrated annual report.
	1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	✓			The board ensures that the company is and is seen to be a responsible corporate citizen.
	1.3 The board should ensure that the company's ethics are managed effectively	✓			By adopting the group code of ethical conduct, the board is committed to manage the company's ethics effectively.
<b>2. Boards and directors</b>					
Role and function of the board	2.1 The board should act as the focal point for and custodian of corporate governance	✓			The board's charter sets out its responsibilities and the board meets at least four times per year. Proper minutes are maintained to ensure that proper corporate governance is being implemented on an on-going basis.
	2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓			The board informs and approves the strategy and ensures it is aligned with the purpose of the company, its value drivers and the legitimate interests and expectations of its stakeholder to ensure sustainable outcomes.
	2.3 The board should provide effective leadership based on an ethical foundation	✓			The code of ethical conduct is a fundamental policy of the group to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards.
	2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen	✓			The board, through its executives and committees takes steps to ensure that it fulfils the role of a responsible corporate citizen
	2.5 The board should ensure that the company's ethics are managed effectively	✓			All employees are required to comply with the spirit as well as the letter of the code of ethical conduct and maintain the highest standards of conduct in all dealings.
	2.6 The board should ensure that the company has an effective and independent audit committee	✓			The audit and risk committee consists of four non-executive directors, all of whom are independent. In the opinion of the board the committee is effective.



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2.7	The board should be responsible for the governance of risk	✓			Through the audit and risk committee, the board identifies, monitors and updates the key risk areas and key performance indicators for the group.
2.8	The board should be responsible for information technology (IT) governance	✓			The board has delegated to the audit and risk committee the responsibility of ensuring that IT governance is properly implemented.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓			The committees of the board oversee compliance with laws and regulations applicable to their areas of responsibility. ,
2.10	The board should ensure that there is an effective risk-based internal audit			✓	The board is of the opinion that the appointment of an internal auditor is not justified due to the size of the group and the lack of complexity of its operations. This will be reviewed on an annual basis.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	✓			The board is aware of the risk that stakeholders' perceptions affect its reputation.
2.12	The board should ensure the integrity of the company's integrated annual report	✓			The board is satisfied with the integrity of the company's integrated annual report, based on its own review and that of the audit and risk committee.
2.13	The board should report on the effectiveness of the company's system of internal controls	✓			The board's opinion on the effectiveness of the system of internal control is set out in the report of the audit and risk committee.
2.14	The board and its directors should act in the best interests of the company	✓			In the opinion of the board, all of its actions during the course of the financial period have been undertaken in the best interests of the company.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✓			The board is aware of the need to consider business rescue proceedings in the event that the company becomes financially distressed.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	✓			Mike Rogers is an independent chairman and his role is separate to that of the chief executive officer.

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2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓			A delegation of authority framework has been adopted and the chief executive officer's role formalised.
2.18	The board should comprise a balance of power, with majority of non-executive directors. The majority of non-executive directors should be independent			✓	Six of the eight directors are non-executive directors. Four of the six non-executive directors are independent. The board size, diversity and demographics were considered and the board of eight members is appropriate in view of the company's size and stage of development.
2.19	Directors should be appointed through a formal process	✓			Directors are appointed through a formal process overseen by the board.
2.20	The induction of an ongoing training and development of directors should be conducted through formal processes	✓			New directors undertake appropriate training to facilitate their understanding of the group and their fiduciary responsibilities..
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	✓			Sirkien van Schalkwyk (representing JUBA Statutory Services Proprietary Limited) is a competent suitably qualified company secretary and has been evaluated as such by the board.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	✓			A self-evaluation was conducted and weaknesses addressed
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✓			Specific responsibilities have been formally delegated to the board committees with defined terms of reference, duration and function, clearly agreed upon reporting procedures and written scope of authority documented in its formal charters.
2.24	A governance framework should be agreed between the group and its subsidiary boards			✓	A formal governance framework for wholly and partly-owned subsidiaries has still to be developed.
2.25	Companies should remunerate directors and executives fairly and responsibly	✓			An approved remuneration philosophy, consisting of fixed pay, a bonus component and participation in an incentive scheme is in place.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	✓			The directors' remuneration is disclosed in the 2015 integrated annual report.
2.27	Shareholders should approve the company's remuneration policy	✓			At the forthcoming annual general meeting shareholders will be asked to approve the company's remuneration policy.



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<b>3. Audit and Risk committee</b>					
3.1	The board should ensure that the company has an effective and independent audit committee	✓			The committee comprises four non-executive directors, all of whom are independent.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	✓			The members have the required financial knowledge and experience to oversee and guide the board and the group in respect of the audit and corporate governance disciplines.
3.3	The audit committee should be chaired by an independent non-executive director	✓			The committee is chaired by Mpho Mokgathe, who is an independent non-executive director.
3.4	The audit committee should oversee integrated annual reporting	✓			This function is included in the committee's terms of reference.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities		✓		A formal combined assurance system is not in place, but assurance is obtained from both the external auditors, management and the competent person.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance functions	✓			The committee satisfied itself with Marietjie van Tonder's work experience, performance and technical skills. Marietjie resigned 27 February 2015 and the board is in the process of finding a suitably qualified replacement.
3.7	The audit committee should be responsible for overseeing of internal audit			✓	The committee agreed that, due to the size of the company and the lack of complexity in its current operations, an internal auditor will not be appointed.
3.8	The audit committee should be an integral component of the risk management process	✓			The committee identifies existing, residual risks and emerging risks. Risks are discussed at every meeting.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓			The audit and risk committee approves the appointment of the external auditor as well as its engagement letter and terms, nature and scope of the audit function and the audit fee.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	✓			The audit and risk committee advises the board on issues ranging from the application of accounting standards to published financial information and feedback is provided at each board meeting. A report from the audit and risk committee chairman is included in the 2015 integrated annual report.

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<b>4. The governance risk</b>					
4.1	The board should be responsible for the governance of risk	✓			The board has established a comprehensive control environment ensuring that risks are mitigated and the group's objectives are attained.  Oversight function in terms of risk is delegated to the audit and risk committee and discussed at each meeting with feedback to the board.
4.2	The board should determine the levels of risk tolerance	✓			The risk tolerance levels are discussed at each audit and risk committee meeting and appropriate recommendations are made to the board.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓			The boards' risk responsibilities are delegated to the audit and risk committee. Feedback in terms of major risks are reported to each board meeting.
4.4	The board should delegate to management the responsibility to design implement and monitor the risk management plan	✓			A risk management plan is in place.
4.5	The board should ensure that risk assessments are performed on a continual basis	✓			The inherent and residual risks are discussed at the quarterly audit and risk committee meetings.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓			The risk register is continuously reviewed and discussed quarterly at the audit and risk committee meetings.
4.7	The board should ensure that management considers and implements appropriate risk responses	✓			Responses in terms of the risk register are being enhanced so as to include detailed responses from subsidiary level.
4.8	The board should ensure continual risk monitoring by management	✓			The board has established a comprehensive control environment ensuring that risks are mitigated and the group's objectives are attained.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	✓			A risk assessment is done three-monthly by the committee with the assistance of a risk register.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓			The major risks are disclosed in the 2015 integrated annual report.



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<b>5. The governance of information technology</b>					
5.1	The board should be responsible for IT governance	✓			The board delegated this function to the audit and risk committee. Feedback is provided on IT governance at board meetings.
5.2	IT should be aligned with the performance and sustainability objectives of the company	✓			All general IT matters are discussed at the quarterly audit and risk committee meetings.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	✓			Responsibility for IT governance is delegated to management and monitored by the audit and risk committee
5.4	The board should monitor and evaluate significant IT investments and expenditure	✓			IT investments and expenditure are monitored and approved in terms of the delegation of authority framework.
5.5	IT should form an integral part of the company's risk management	✓			Risks specifically relating to IT matters are included in the group risk register.
5.6	The board should ensure that information assets are managed effectively	✓			The board has delegated this function to the audit and risk committee which provides feedback at board meetings under a standard agenda item dealing with information technology.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓			The audit and risk committee assists the board to carry out its IT responsibilities.
<b>6. Compliance with laws, rules, codes and standards</b>					
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓			The various board committees assist the board in complying with the applicable laws, rules, codes and standards in their respective areas of responsibility.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	✓			Directors have a working understanding of the significant applicable laws, rules, codes and standards applicable to the company.
6.3	Compliance risk should form an integral part of the company's risk management process	✓			Compliance forms part of the group's risk register and a legal advisor is consulted in respect of pertinent laws applicable to the mining industry.

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6.4	The board should delegate to management the implementation of an effective compliance framework and processes	✓			Compliance is discussed at meetings of the audit and risk committee, the social and ethics committee and the remuneration and nomination committee.
<b>7. Internal audit</b>					
7.1	The board should ensure that there is an effective risk based internal audit			✓	The board agreed not to appoint an internal auditor due to the size of the company and the lack of complexity of its current operations.
7.2	Internal audit should follow a risk based approach to its plan			✓	Not applicable, refer to 7.1 above
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management			✓	Not applicable, refer to 7.1 above
7.4	The audit committee should be responsible for overseeing internal audit			✓	Not applicable, refer to 7.1 above
7.5	Internal audit should be strategically positioned to achieve its objectives			✓	Not applicable, refer to 7.1 above
<b>8. Governing stakeholder relationships</b>					
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	✓			The board is aware of the risk that stakeholders' perceptions affect its reputation.
8.2	The board should delegate to management to proactively deal with stakeholder relationships		✓		Although a formal stakeholder engagement process is not yet in place, the executive directors interact with its major stakeholders on an ad hoc basis in the normal course of business.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓			Management interact with stakeholders on an on-going basis to ensure that they have all stakeholder's interests at heart
8.4	Companies should ensure the equitable treatment of shareholders	✓			Shareholders are treated equitably.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓			The board strives to ensure that reporting to stakeholders is relevant, transparent and accurate.



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	8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible		✓		A formal dispute policy has not been adopted, but disputes are managed as efficiently and expeditiously as possible
<b>9. Integrated reporting and disclosure</b>					
	9.1 The board should ensure the integrity of the company's integrated report	✓			The board is satisfied with the integrity of the company's integrated annual report, based on its own review and that of the audit and risk committee.
	9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓			The group endeavours to integrate all information to stakeholders in the form of the integrated annual report, focussing on sustainability on all levels, including finances.
	9.3 Sustainability reporting and disclosure should be independently assured			✓	Sustainability reporting is currently being self-assured.