



RAPPA
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ANTI-MONEY LAUNDERING / COMBATING THE FINANCING OF TERRORISM POLICY

Rappa Resources (Pty) Ltd

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1. DEFINITIONS

TERM

MEANING

AML/CFT

Anti-money laundering – combating the financing of terrorism.

Bribery

Bribery is any form of offering, promising or giving, as well as demanding or accepting any pecuniary or other advantage, whether directly or indirectly, in order to obtain, retain or direct business to a particular enterprise or to secure any other improper advantage in the conduct of business.

Chain of Custody

A record of the sequence of entities which have custody of minerals as they move through a supply chain.

Compliance Officer

A person who is employed whose responsibilities include ensuring that the company complies with its outside regulatory requirements and internal policies. A compliance officer may review and set standards for outside communications by requiring disclaimers in emails, or may examine facilities to ensure that they are accessible and safe. Compliance officers may also design or update internal policies to mitigate the risk of the company breaking laws and regulations, as well as lead internal audits of procedures.



TERM

MEANING

Contribution to Conflict

Contribution to armed aggression between two or more parties which leads to human rights abuses. The parties in the conflict may include government, militia, organised criminals or terrorist groups.

Employees

means all the employees of Rappa Resources including temporary employees.

Financial Intelligence Centre Act ("FICA")

The Centre establishes and maintains an effective policy and compliance framework and operational capacity to oversee compliance and to provide high quality, timeous financial intelligence for use in the fight against crime, money laundering and terror financing in order for South Africa to protect the integrity and stability of its financial system, develop economically and be a responsible global citizen.

Financial Action Task Force ("FATF")

is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.



TERM

Money Laundering

MEANING

is the process of hiding or disguising the source of illegally obtained funds, knowing that such property is derived from serious crime, to make them appear legitimate, or of assisting any person who is involved in committing such an offence or offences to evade the legal consequences of his action. Ultimately, it is the process by which the proceeds of crime are made to appear legitimate. Money laundering reduces the risk of detection and confiscation by authorities of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from serious crime.

Precious Metals

A classification of metals that are considered to be rare and/or have a high economic value. The higher relative values of these metals are driven by various factors including their rarity, uses in industrial processes and use as an investment commodity. Precious metals include, but are not limited to gold, silver, platinum, iridium, rhodium and palladium.

TERM

Terrorism Financing

MEANING

United Nations 1999 International Convention for the Suppression of the Financing of Terrorism explains terrorist financing in the following way: ""Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out"

- An act which constitutes an offence within the scope of and as defined in one of the treaties; or
- Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act."



2. INTRODUCTION AND SCOPE

Companies involved in the mining, recycling, extraction from waste and trading of precious metals have the potential to generate income, growth and prosperity, sustain livelihoods and foster local development. In such situations, companies may also be at risk of contributing to or being associated with significant adverse impacts, including serious human rights abuses and conflict.

There is a risk that Rappa Resources (Pty) Ltd are being used to launder money, finance terrorism and contributing to conflict. South African law and applicable local laws in the jurisdictions in which we operate, requires us to put training, processes and systems in place to identify, manage and mitigate this risk.

We do this to protect our reputation, to comply with relevant laws and to be a good corporate citizen. Failure to do so may result in social harm, significant penalties, including legal and regulatory action.

Rappa Resources follow the AML-CFT (Anti Money Laundering / Combating the Financing of Terrorism) policy guidelines.

3. ORGANISATION AND RESPONSIBILITIES

Rappa Resources (Pty) Ltd Board of Directors (the Board) and Management have ongoing oversight of our AML/CFT policy and procedures. All permanent and temporary employees must comply with these regulations, attend training workshops specific to their role, and report suspicious matters or behaviours.

We have a dedicated Officer (the Compliance Officer), responsible for monitoring the status and effectiveness of the Group's AML/CFT Policy, risk management and compliance and reporting it to our Senior Management.



The Compliance Officer is assisted by a dedicated due diligence officer, which assists Rappa Resources with our AML/CFT policy framework, and provides subject matter expertise and advice to our business.

Every employee must guard against crime and unlawful practices, and report alleged or attempted unlawful or unethical activities to persons in authority without protecting anyone involved. We do not associate ourselves with criminals including money launderers.

4. RAPPA RESOURCES KEY AML/CFT PRINCIPLES

- Comply with International recognised AML/CFT legislation and to fulfil international standards as detailed in the recommendations of the Financial Action Task Force (FATF).
- Work in conjunction with the South African Government and support their objectives in relation to the prevention, detection and control of AML/CFT.
- Rappa Resources may decide not to accept products or services based upon decisions guided by the Risk Assessment Tool's risk appetite.
- Maintain and comply with the reporting of suspicious and unusual transactions (including the financing of terrorism and terrorist activities).
- Identification of the client (Trading Application Form and Supply Chain Due Diligence Policy) and the verification thereof.

5. RAPPA RESOURCES AML/CFT PROGRAM

- act in compliance with the applicable laws of the relevant jurisdiction(s);
- take preventative measures with regard to money laundering and financing of terrorism;
- provide for the establishment and verification of identities, the keeping of records;



- the reporting of suspicious clients and transactions; and
- confirm that all employees obtain comprehensible training / knowledge in the prevention of money laundering and financing of terrorism.

6. SUSPICIOUS AND UNUSUAL TRANSACTIONS AND SUPPLIERS

6.1. Suspicious transactions

- Transactions involving large cash amounts.
- Funds being "accidentally" paid into the wrong bank account.
- Constant movement of money amongst different business units (e.g. from collective investments to linked products and vice versa) without any apparent purpose.
- Requests for payments to be made to 3rd parties.
- Transfer of funds to other product providers.
- Transaction which is conducted for the purpose of avoiding giving rise to a reporting duty under FICA.
- Transactions that may be relevant to the investigation of tax evasion.

6.2. Suspicious clients

- A client who provides vague or contradictory information or references.
- A client who has no record of past or present employment or involvement in a business but who engages frequently transactions involving large sums of money.
- A client whose business or sources of funds are ill defined, or who is reluctant to provide details about his/her business or source of funds.
- A client who operates different accounts at different branches of the same financial institution.
- A client who enters into transactions that do not appear to have a legitimate business purpose or that are out of the ordinary given the client's profile.
- A client who is reluctant to reveal information concerning the nature of his/her specific business or does not seem to be fully aware of the nature of the business.
- A client who acts for an undisclosed principal.

7. MONITORING AND REPORTING

The Compliance Officer has a responsibility to report suspicious and unusual transactions to the Financial Intelligence Centre:

It is the responsibility of management to ensure that:

- All employees are able to identify suspicious and unusual transactions, and
- Know how to report these transactions;
- Identification and verification of suppliers by applicable employees as required by FICA are complied with;
- Records of the identification and verification documents are kept as required by FICA, by the employees who are required to comply with this requirement;
- Employees receive training to enable them to comply with the legislation and the internal rules applicable to them;
- Internal rules are made available to all employees.

Any employee who knows or ought reasonably to have known or suspected that:

- the business has received or is about to receive the proceeds of unlawful activities or property that is connected to an offence relating to the financing of terrorist and related activities;
- a transaction to which the business is party facilitated the transfer of the proceeds of unlawful activities or property connected to an offence relating to the financing of terrorist and related activities; or has no apparent business or lawful purpose; is conducted for the purpose of avoiding giving rise to a reporting duty under this Act; or may be relevant to the investigation of an evasion or attempted evasion of duty to pay any tax;
- the business has been used in any way for money laundering purposes or to facilitate the commission of an offence relating to the financing of terrorist and related activities,



must report this by utilising the whistle blowing mechanisms provided, sealed boxes on the premises and the e-mail address (compliance@rappa.co.za) on the company web site. The information will be forwarded to the Compliance Officer.

This must be done as soon as possible but not later than a period of five days (excluding Saturdays, Sundays and public holidays). The CO must forward the report to senior Management immediately for assessment.

Non-compliance with AML/CFT requirements is a very serious offence and could result in dismissal or contract termination. Failure by any employee or supplier to adhere to any of the requirements and obligations contained herein shall result in disciplinary action being taken against the relevant employee in terms of Rappa Resources disciplinary code, and contract termination in terms of the contract entered into with the supplier.

8. TRAINING OF EMPLOYEES

- All existing employees will receive training on AML/CFT at least one per annum.
- All new office employees and planners will attend a training session during their induction program.