

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

Mineral Deposits Limited

ABN / ARBN

19 064 377 420

Financial year ended:

31 December 2015

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: www.mineraldeposits.com.au/governance/

The Corporate Governance Statement is accurate and up to date as at 31 December 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 18 February 2016

Name of Director or Secretary: Michaela Evans

authorising lodgement: Company Secretary

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Corporate Governance Statement and Board Charter www.mineraldeposits.com.au/governance/	Not Applicable
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.mineraldeposits.com.au/governance/</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (c)(1):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.mineraldeposits.com.au/governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>Paragraph (b) is not applicable to the Company.</p>	Not Applicable
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.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and, where applicable, the information referred to in paragraph (b): Paragraph (b) is not applicable to the Company ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
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.	Not Applicable	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
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.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement and Code of Conduct at www.mineraldeposits.com.au/governance/	Not Applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.mineraldeposits.com.au/governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>Paragraph (b) is not applicable to the Company</p>	Not Applicable
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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
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.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement and Market Disclosure & Communications Policy at www.mineraldeposits.com.au/governance/	Not Applicable
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at www.mineraldeposits.com.au/governance/ and in our Corporate Governance Statement	Not Applicable
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement and Market Disclosure & Communications Policy at www.mineraldeposits.com.au/governance/	Not Applicable
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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>Both paragraph (a) and (b) are applicable as a formal committee was established mid-way through the reporting period:</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.mineraldeposits.com.au/governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	Not Applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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.	Paragraph (a) is not applicable to the Company ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
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.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement	Not Applicable
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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 fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at www.mineraldeposits.com.au/governance/ ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement Paragraph (b) is not applicable to the Company	Not Applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and Remuneration Report (available in the Company's Annual Report)</p>	Not Applicable
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and Securities Trading Policy at www.mineraldeposits.com.au/governance/</p>	Not Applicable

CORPORATE GOVERNANCE STATEMENT

Mineral Deposits Limited ('MDL' or the 'Company') seeks to achieve high standards of corporate governance and designs and enacts its corporate governance practices to be consistent with this objective. As an Australian listed public company, the Board of Directors ('Board') has adopted governance practices that are, to the maximum extent considered appropriate in the Company's present circumstances, in line with the ASX Corporate Governance Council's ('CGC') 3rd edition 'Corporate Governance Principles and Recommendations'.

The Corporate Governance Statement sets out the Company's governance structure and practice for the period 1 January 2015 to 31 December 2015. The Company's key corporate governance documents (including this statement) can be found in the Governance section of the MDL website and are listed below:

Governance Documents

- Constitution
- Code of Conduct
- Corporate Governance Statement
- Board Charter
- Audit & Risk Committee Charter
- Nomination & Remuneration Committee Charter
- Anti-Bribery & Corruption Policy
- Diversity Policy
- Human Rights & Child Protection Policy
- Market Disclosure & Communications Policy
- Risk Oversight & Management Policy
- Securities Trading Policy
- Sustainability Policy

PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1:

A listed entity should disclose:

- **the respective roles and responsibilities of its board and management; and**
- **those matters expressly reserved to the board and those delegated to management.**

MDL practice: MDL's Board is comprised of two executive directors (including the Executive Chairman) and four independent, non-executive directors. The Company's Board Charter, adopted in July 2013 and last updated in July 2015, defines the roles, responsibilities and authorities of the Board of Directors and management in setting the strategic direction, business plan, management, control and good corporate governance practice of the Company.

Amongst other matters, the Board is tasked with:

- oversight of the Company's performance and strategic direction;
- promoting cultural integrity and responsibility;
- ensuring timely and accurate public disclosure; and
- oversight and appraisal of the Company's risk management, compliance and internal control systems.

The Board has responsibility for protecting, guiding and monitoring the business affairs of the Company in the interests and for the benefit of all stakeholders. In short, the Board is responsible for the stewardship and performance of the Company and has final accountability for the governance of MDL's business.

The Board's Committee system assists in the Board's role of protecting, guiding and monitoring the business affairs of the Company in the interest of and for the benefit of all stakeholders. The Board's two main committees are the Audit & Risk Committee and the Nomination & Remuneration Committee. Both committees function on the basis of a formally adopted charter which establishes the objectives, membership, authority, responsibilities and procedures of each committee. Both committees make recommendations to the Board but do not relieve the Board of its responsibilities. These charters are available on the Company's website. From time to time, the Board may also delegate specific responsibilities to ad hoc committees.

The Board has delegated the day-to-day management of the business and affairs of MDL to the senior management of the Company, subject to compliance with strategic and capital plans approved from time to time by the Board. Jointly, the executive directors (Mr Nic Limb and Mr Martin Ackland), Chief Executive Officer ('CEO', Mr Robert Sennitt, appointed 1 June 2015) and Chief Operating Officer ('COO', Mr Jozsef Patarica, appointed 1 October 2015) are responsible for oversight of the Company's principal asset, a 50% interest in TiZir Limited.

Further details of the Board's role and responsibilities as well as the primary responsibilities of the Executive Chairman and the Chief Executive Officer are outlined in the Board Charter which is available on the Company's website.

RECOMMENDATION 1.2:

A listed entity should:

- **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.**

MDL practice: The Board is responsible for determining the composition of its members, with Board appointments being based on merit and performance. Appointments are made based on the recommendations of the Nomination & Remuneration Committee. Directors are elected by shareholders at the first annual general meeting after their appointment and, following that, offer themselves for re-election at least once every three years. Before nominating a director for re-election, the Board – in consultation with the Nomination & Remuneration Committee – reviews the performance of that director, the strategic direction of the Company and the Board's structure, diversity, skills mix and size.

Prior to nominating a new candidate for election, the candidate's background, experience, character, potential conflicts of interest and qualifications are reviewed by the Board. Candidates are also required to make a statement to the Board regarding their own assessment of their eligibility, good fame and character.

Information in the Company's possession that is deemed relevant to the nomination of a director for election or re-election is communicated to shareholders via notice of meeting documentation.

RECOMMENDATION 1.3:

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

MDL practice: Upon appointment, Directors and Senior Executives are provided with an induction pack and an employment agreement letter or a non-executive director appointment letter which communicate Company expectations, time commitments, key duties and appointment terms.

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.

MDL practice: The Company Secretary's primary role is to support the proper functioning and effectiveness of the Board and its committees and to provide advice with respect to corporate governance. The Company Secretary reports directly to the Board through the Chairman or Deputy Chairman (as appropriate), however, all Directors have access to the Company Secretary and communication is encouraged. As provided by the Company's constitution, the Board is responsible for the appointment and removal of the Company Secretary.

The position of the Company Secretary was formally expanded during the period to include the responsibilities of 'General Manager – Corporate Affairs'.

RECOMMENDATION 1.5:

A listed entity should:

- 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 that 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 in accordance with the entity's diversity policy and its progress towards achieving them either:
 - 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
 - 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.

MDL practice: Formally adopted in 2011 (and last updated in July 2015), MDL's Diversity Policy applies to all personnel engaged by MDL and under MDL's operational control. Every employee within the Company is responsible for supporting and maintaining MDL's corporate culture and integrity, including its commitment to diversity in the workplace. This policy is available on the Company's website.

The Company benefits by bringing together high quality people who possess a range of experience, skills, backgrounds and perspectives and is committed to creating a business environment wherein the contribution of all personnel is received fairly and equitably. Consequently, the Company aims to:

- attract, recruit and retain the right people from a diverse pool of high quality candidates;
- make more informed and innovative decisions, drawing on a wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds and differing skill sets bring to their roles; and
- better represent the diversity of its stakeholders and the global community in which the Company operates.

The Company seeks to achieve these aims through a range of measures outlined in its Diversity Policy. The Nomination & Remuneration Committee is responsible to the Board for oversight of the Diversity Policy and for the development, review and achievement of measurable diversity objectives.

Diversity objectives are reviewed annually and assessed in terms of, firstly, the progress the Company has made in their achievement and, secondly, their effectiveness. The Board has set the following measurable gender diversity objectives, which it believes are commensurate with the Company's current size and structure:

- At least one female candidate be considered when the board is next appointing a director.
- At least one female candidate be considered when the board is next appointing an executive.
- Aim to have a minimum of 20% of MDL's workforce female at all times.

As at 31 December 2015 MDL had the following workforce profile:

	Female	Female %	Male	Male %
Board of directors	0	0	6	100
Executive*	1	17	5	83
Other	2	67	1	33
Total (excluding non-executive directors)	3	33	6	67

* The 'Executive' encompasses the executive directors, CEO, COO, CFO and Company Secretary.

No new appointments were made to the Board during the period and, as such, testing of the first objective is not applicable. Two external executive appointments (CEO and COO) and one internal executive appointment (CFO) were made during the reporting period. Appointments were made based on sector expertise, in-country experience, prior dealings with the Company and other highly-regarded skills and qualities. As evidenced in the workforce profile, the Company achieved its third objective.

MDL is not a 'relevant employer' as defined by the Workplace Gender Equality Act.

RECOMMENDATION 1.6:**A listed entity should:**

- **have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- **disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

MDL practice: The Board has adopted processes to measure its own performance and that of its committees and individual Directors. Moreover, Board and committee charters require annual evaluation of responsibilities and performance.

The annual performance evaluation reviews the performance of the Board against its responsibilities and the performance of the committees against the terms of their respective charters. It also reviews the contribution of each member of the Board and each committee and considers changes that may be required to relevant charters, taking into account prevailing corporate governance practices and Company and business developments over the preceding year.

The review process typically involves the provision of formal questionnaires to individual Board and committee members as well as a Board skills matrix analysis. The Chairman also conducts confidential discussions with each director in relation to matters such as work program, interaction with management and perceived strengths and weaknesses of the Board and its committees. Following review of the data collected, a summary of responses and analysis is provided to the Board for consideration and action (where required). The annual performance evaluation provides an avenue for the Board to discuss the strategic direction of the Company and whether the structure and membership of the Board and its committees is facilitating the achievement of its strategic goals.

A performance evaluation was undertaken in the reporting period (in December) in accordance with the abovementioned process. A third-party consultant was not appointed during the period to facilitate the evaluation.

RECOMMENDATION 1.7:**A listed entity should:**

- **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.**

MDL practice: MDL has a small corporate team totalling nine employees, allowing the Board to engage with and have direct oversight of the performance of all employees (not just those at executive level).

The performance of the executive directors and CEO is typically evaluated during the Board and Committee review period which occurs in December. A secondary review by the Nomination & Remuneration Committee normally ensues between January and February.

The performance of the COO, CFO, Company Secretary and other corporate staff is typically reviewed by the CEO in December and the outcome of these reviews is provided to the Nomination & Remuneration Committee for consideration shortly thereafter.

The Nomination & Remuneration Committee, where deemed necessary or desirable, conducts confidential discussions with the Chairman and other persons in relation to the performance of the Company's employees including matters such as work programs, interaction with management and perceived strengths and weaknesses. The committee's recommendations are then brought to the Board for consideration and adoption.

A performance evaluation for senior executives was undertaken during the reporting period. The evaluation was in accordance with the process disclosed.

PRINCIPLE 2. STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1:

The board of a listed entity should have a nomination committee which:

- has at least three members, a majority of whom are independent directors; and
- is chaired by an independent director,

and disclose:

- the charter of the committee;
- the members of the committee; and
- 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.

MDL practice: The Company established a nomination committee on 27 November 2012. Up until July 2015, the Nomination Committee comprised three members, being Dr Tom Whiting (Chair, independent), Dr Robert Danchin (independent) and Mr Nic Limb (executive).

Following a review of the Company's governance framework during 2015, the Board resolved in July to establish a combined nomination and remuneration committee. The Nomination & Remuneration Committee comprises three members, all of whom are independent, non-executive directors of the Company. The current members are Dr Tom Whiting, Dr Robert Danchin and Dr David Isles. Dr Whiting, who is not the Chairman of the Board, is the Chairman of the committee.

The Nomination & Remuneration Committee functions on the basis of a formally adopted charter which is available on the Company's website. The charter is structured to separately address objectives, membership, authority, responsibilities and procedures. The objectives of the committee are to oversee, appraise and make recommendations to the Board on:

- matters relating to the composition, selection, appointment and re-election of directors to the Board;
- the process for evaluating the performance of the Board, its committees, directors, senior executives and other employees; and
- the remuneration structure, policies and practices of MDL.

The restructured committee formally met once during the reporting period, with all members in attendance. Prior to the restructuring, the committee members met informally on numerous occasions to discuss succession planning progress and executive appointments.

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.

MDL practice: The Company recognises the fundamental importance of a board comprising a balance of complementary skills, knowledge and expertise as well as operational and international experience. The Board is dedicated to ensuring that it is structured in such a way as to optimise the Company's short and long-term strategic and business performance. During the period, the Board continued its review to ensure that the structure of the Board and Executive reflects the Company's position as an integrated producer of high quality mineral sands feedstocks. The appointment of Mr Robert Sennitt as CEO and Mr Jozsef Patarica as COO assisted in progressing the Company's succession plans.

Completed and reviewed by the Board annually, the Company's Board skills matrix examines alignment between represented skills, experience and qualifications against 'ideal' competencies (as assessed by individual Board members) to fulfil the Company's long-term strategic aims. The matrix review also analyses diversity data (such as age, gender and tenure of Board members). Areas identified for attention are given priority in succession planning.

The broad skills/experience categories and sub-categories identified in the matrix are as follows:

Operational (Resource) Expertise	Finance & Risk Expertise	Managerial/Leadership Expertise
<ul style="list-style-type: none"> • Exploration • Production • Technical (engineering, metallurgy) • Project Management • Mineral Sands Specific 	<ul style="list-style-type: none"> • Capital Markets • Commodity Markets • Finance/Accounting • Risk Management • Health/Safety/Environment/Community • Legal/Compliance • Government Relations • Foreign/In-Country Experience 	<ul style="list-style-type: none"> • Senior Executive Experience • Investor/Public Relations • Corporate Governance • Human Resources • Other Directorships/Networks

Matrix analysis, completed during the reporting period, indicated a strong mix of skills, knowledge and expertise within and across these categories. The areas identified for attention, such as gender diversity, finance/accounting proficiency, and production expertise, have been given priority in succession planning.

The Nomination & Remuneration Committee is responsible for review of the necessary and desirable competencies of directors, having regard to the Company's Board skills matrix.

Details of the skills, experience and expertise relevant to the position of director held by each director in office during the reporting period are set out in the Company's Annual Report and on its website.

RECOMMENDATION 2.3:

A listed entity should disclose:

- **the names of the directors considered by the board to be independent directors;**
- **if a director has an interest, position or association or relationship of the type described in Box 2.3 (of the CGC's Corporate Governance Principles & Recommendations) 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**
- **the length of service of each director.**

MDL practice: The Directors considered independent by the Board are Dr David Isles (appointed 23 December 2002), Dr Robert Danchin (appointed 9 February 2007), Dr Tom Whiting (appointed 19 January 2012) and Mr Sandy MacDonald (appointed 21 February 2014). The Directors have declared that there are no relationships which may affect their independent status.

The Board has adopted a number of measures to ensure that independent judgement is achieved and maintained in respect of its decision making processes, which include the following:

- directors are entitled to seek independent professional advice at the Company's expense;
- non-executive directors are encouraged to meet or confer on a regular basis for private discussion of management issues;
- directors having a conflict of interest must immediately declare the conflict to the Chairperson and, in relation to a particular item of business, must absent themselves from the board meeting before commencement of discussion and the taking of a vote on the matter;
- independent directors are required to complete an Independent Director's Declaration annually, confirming that no circumstances exist which may affect their independence; and
- directors are encouraged to discuss and make enquiries regarding business and strategic matters with senior executives.

The period of office held by the Company's directors is disclosed in the Directors' Report of the 2015 Annual Report.

RECOMMENDATION 2.4:

A majority of the board of a listed entity should be independent directors.

MDL practice: It is the stated intention of the Board that it be composed of a majority of independent directors. During the reporting period, the Board comprised two executive directors (including the Executive Chairman) and four independent, non-executive directors (specified in Recommendation 2.3).

Determinations as to whether a director is independent are made both by a director's self-assessment and by the other members of the Board.

RECOMMENDATION 2.5:

The chair of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

MDL practice: The Company's Chairman, Mr Nic Limb, is employed in an executive capacity by the Company and therefore is not independent.

Mr Limb has been a director of the Company since it listed on ASX and has an intimate knowledge of its affairs. He is an experienced company director with special expertise in the resources sector and is committed to providing the time necessary to effectively discharge his role as Chairman, taking into account his executive responsibilities for the Company and time commitments associated with his other roles. Mr Limb has stated his intention to transition to a non-executive Chairmanship in 2016 in keeping with the Company's succession plans and the strengthening of the Company's executive team. The Company is cognisant that Mr Limb will not be considered independent for a period of three years following this transition.

Dr Robert Danchin, who is an independent, non-executive director, is Deputy Chairman of the Company with special responsibility for corporate governance and related areas.

The Company's Chairman, Mr Nic Limb, and the Company's Chief Executive Officer, Mr Robert Sennitt, have separate roles and responsibilities which were formally resolved by the Board in July 2015 and are outlined in the Company's Board Charter (available on MDL's website).

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.

MDL practice: Upon appointment, directors are provided with an induction pack and an employment agreement letter or a non-executive director appointment letter which communicate Company expectations, time commitments, key duties and appointment terms. The induction program provides an introduction to the Company's strategy, operations, investments and governance structure.

Ongoing professional development is encouraged, and, with Chair approval, the Company covers all reasonable costs incurred to undertake training relevant to the director's position and effective discharge of duties. The Company also provides updates to the Board with respect to governance and industry matters that are relevant to the Company's activities, sector and strategy.

PRINCIPLE 3. ACT ETHICALLY AND RESPONSIBLY

RECOMMENDATION 3.1:

A listed entity should:

- have a code of conduct for its directors, senior executives and employees;
- disclose that code or a summary of it.

MDL practice: The Company's Code of Conduct (last updated in July 2015) sets out guiding principles and standards which all Company officers and employees are expected to uphold in the performance of their respective functions. It continues to be the policy of the Company for directors, senior executives and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealings with shareholders, joint venture partners, government representatives, service providers, suppliers and the communities in which it operates. MDL's Code of Conduct is available on the Company's website.

Policies addressing anti-bribery & corruption, diversity, human rights & child protection, market disclosure & communications, risk oversight & management, securities trading and sustainability support the Company's Code of Conduct. These policies are also available on the Company's website.

PRINCIPLE 4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

RECOMMENDATION 4.1:

The board of a listed entity should have an audit committee which:

- has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- is chaired by an independent director, who is not the chair of the board,

and disclose:

- the charter of the committee;
- the relevant qualifications and experience of the members of the committee; and
- in relation to the reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

MDL practice: The Company established an audit committee on 10 February 2004. In December 2014, the Board resolved to broaden the committee's remit to include risk and form a combined audit and risk committee. The Audit & Risk Committee's structure, membership and charter were formally approved by the Board in July 2015.

The Audit & Risk Committee membership (which remains unchanged from that of the Audit Committee), comprises three members, all of whom are independent, non-executive directors of the Company. The current members are Dr David Isles, Dr Robert Danchin and Dr Tom Whiting. Dr Isles, who is not the Chairman of the Board, is the Chairman of the committee. All committee members have sufficient financial literacy and knowledge of industry dynamics and Company operations to effectively discharge the committee's objectives. Further details of the qualifications and experience of these directors are provided in the Directors' Report contained in the Annual Report and in the Leadership section of the Company's website.

The committee charter is structured to separately address objectives, membership, authority, responsibilities and procedures. The objectives of the Audit & Risk Committee include:

- ensuring the integrity of the Company's financial reporting;
- overseeing the independence of the external auditors;
- ensuring a sound system of identification, assessment, reporting and management of risk;
- ensuring that controls are established and maintained in order to safeguard the Company's financial and physical resources; and
- ensuring that systems and procedures are in place so that the Company complies with relevant statutory, regulatory and reporting requirements.

A copy of the charter of the Audit & Risk Committee is available on the Company's website.

During the reporting period, the Audit Committee met once and the Audit & Risk Committee met twice. All members were in attendance.

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.

MDL practice: Prior to adoption of the half-year and full-year financial statements of the Company, the Audit & Risk Committee (formerly the Audit Committee) and the Board receive a written declaration from the Company's CEO and CFO 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. These declarations were received during the reporting period.

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.

MDL practice: The Company ensures that its external auditor attends its AGM. The external auditor is available to take shareholder questions regarding the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the AGM, shareholders are invited to submit written questions to the auditor about the content of the auditor's report or the conduct of the audit of the annual financial report to be considered at the AGM. To be addressed, written questions must be submitted to the Company not less than five business days before the AGM.

The Company's external auditor attended MDL's AGM during the reporting period. No written questions were submitted before the meeting and no questions were asked from the floor.

PRINCIPLE 5. MAKE TIMELY AND BALANCED DISCLOSURE

RECOMMENDATION 5.1:

A listed entity should:

- **have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and**
- **disclose that policy or a summary of it.**

MDL practice: The Company's aim is to ensure that information in the market place is consistent and complete and provides a true and fair view of the Company's activities, operations and financial position. The Company also seeks to communicate in a timely, accurate and accessible manner.

The Board is responsible for monitoring compliance with ASX Listing Rules. The Company Secretary is responsible, under ASX Listing Rules, for all communications with ASX. A Disclosure Committee that reports regularly to the Board manages the Company's continuous disclosure obligations. For the majority of the reporting period, the Executive Chairman, CEO, CFO and Company Secretary were the committee's members. The Disclosure Committee is guided by the Company's Market Disclosure & Communications Policy. The operation and performance of the Disclosure Committee is formally assessed by the Board on an annual basis.

The Company's Market Disclosure & Communications Policy is available on the MDL website and provides a summary of the Company's disclosure compliance practices.

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.

MDL practice: During the period the Company undertook a rebranding exercise to reflect its positioning as an integrated mineral sands producer. As part of this process, the Company's website was reviewed and relaunched and is organised as follows:

- **MDL:** contains an overview of the Company's activities, assets, governance structure (including relevant governance documents) as well as information about its Board and Executive team.
- **Operations:** provides an overview of the Company's two principal joint venture assets – Grande Côte Operations ('GCO') in Senegal and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Norway – together with a brief historical overview of the Company's operational history. Two videos are included that are designed to promote stakeholder understanding of the Company's mining and production processes at GCO and TTI, as well as their scale and location, the skill and professionalism of their employees and the logistics of their vertical integration.
- **Investor Centre:** contains a comprehensive record of the Company's communications with investors including the last five years of Company ASX announcements, financial reports, the latest investor presentations, details of the Company's share registry, analyst information and MDL's share price (with a 20 minute delay).
- **Sustainability:** outlines the Company's commitment to sustainable principles, behaviours and activities and profiles the sustainable development activities of the Company's joint venture operations. This information is contained in the Company's Sustainability Report, which is also included in MDL's Annual Report.
- **Products:** contains an overview of the physical and chemical properties as well as primary end uses of the Company's product suite of zircon, titanium feedstocks comprised of titanium minerals (ilmenite, rutile and leucoxene) and titanium slag, and high-purity pig iron.
- **Contact:** designed to facilitate rapid and efficient electronic communication with Company representatives, this section of the website provides details of the Company's registered office and principal place of business, important contact information (including telephone, fax and email), and encourages investors and other stakeholders to send enquiries and feedback by email as well as subscribe to the Company's mailing list to keep up-to-date with the latest Company news.

MDL is committed to ensuring that the information contained on the Company's website is current, accurate, complete and clear.

All information released by the Company to the market is posted on its website as soon as practicable following confirmation of receipt by ASX.

RECOMMENDATION 6.2:

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

MDL practice: The Board recognises that shareholders are the ultimate owners of the Company and are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of MDL securities.

MDL's investor relations program is underpinned by a commitment to the timely, concise, balanced and accurate release of information via ASX Announcements, regular investor presentations, Chairman's and CEO's addresses at general meetings, analyst briefings, and annual reports (which include a sustainability report and business review). The Company also encourages investors and other stakeholders to attend general meetings, sign up to the Company's email subscription service and access up-to-date news and background information via the Company's website.

The Company's Market Disclosure & Communications Policy is a key guiding document in facilitating effective two-way communication. The policy, available on the Company's website, is designed to encourage effective communication through:

- clear and concise disclosures;
- the timely release of information;

- providing information updates to investors by email; and
- providing the last five years' ASX announcements on the Company's website.

Shareholders are encouraged to contact the Company at any time to seek information on any appropriate matter. Contact details of authorised spokespeople are provided in all outgoing communications. The Company is committed to responding to all genuine communications in a timely manner, however, all information provided will be limited to that which is available in the public domain.

The Company seeks to continually improve its investor relations activities and is receptive to investor feedback.

RECOMMENDATION 6.3:

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

MDL practice: General meetings are an important vehicle through which security holders exercise their rights as owners of the Company and provide an opportunity to communicate directly with Company representatives. Additionally, general meetings form a part of the Company's commitment to ongoing shareholder dialogue. Wherever possible, shareholder participation at general meetings is encouraged to ensure a high level of accountability, strengthen investor understanding of the Company's strategy and goals, and enable shareholder participation in decision-making.

The Company aims to facilitate shareholder participation through:

- providing, in a timely fashion, a concise notice of meeting written in clear language that encourages shareholders to attend and ask questions of the Executive team and the Company's auditor;
- adopting voting systems that facilitate direct voting and enable security holders who cannot attend the meeting in person to lodge their proxy by traditional means as well as via online and mobile voting platforms;
- structuring meetings to include a Company presentation by the Chairman and/or CEO so that attendees are provided with an update on the Company's current activities; and
- ensuring that meetings are organised such that they encourage questions from attendees by allowing time for questions during the meeting and encouraging attendees to stay and meet with Company representatives following close of formal business.

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.

MDL practice: Consistent with its commitment to timely, balanced and accessible communication with investors and stakeholders as well as the Company's commitment to sustainable practices, wherever feasible the Company encourages the use of electronic communication. The Company's share register also facilitates and encourages the use of electronic communications as well as providing a platform wherein security details can be securely viewed and managed online.

PRINCIPLE 7. RECOGNISE AND MANAGE RISK

RECOMMENDATION 7.1:

The board of a listed entity should have a committee or committees to oversee risk, each of which:

- has at least three members, a majority of whom are independent directors; and
- is chaired by an independent director,

and disclose:

- the charter of the committee;
- the members of the committee; and
- 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.

MDL practice: In December 2014, the Board resolved to broaden the committee's remit to include risk and form a combined audit and risk committee. The Audit & Risk Committee's structure, membership and charter were formally approved by the Board in July 2015.

The Audit & Risk Committee membership (which remains unchanged from that of the Audit Committee), comprises three members, all of whom are independent, non-executive directors of the Company. The current members are Dr David Isles, Dr Robert Danchin and Dr Tom Whiting. Dr Isles, who is not the Chairman of the Board, is the Chairman of the committee.

The committee charter is structured to separately address objectives, membership, authority, responsibilities and procedures. The objectives of the Audit & Risk Committee include:

- ensuring the integrity of the Company's financial reporting
- overseeing the independence of the external auditors;
- ensuring a sound system of identification, assessment, reporting and management of risk;
- ensuring that controls are established and maintained in order to safeguard the Company's financial and physical resources; and
- ensuring that systems and procedures are in place so that the Company complies with relevant statutory, regulatory and reporting requirements.

A copy of the charter of the Audit & Risk Committee is available on the Company's website.

During the reporting period, the Audit & Risk Committee met twice. All members were in attendance.

Prior to the establishment of the Audit & Risk Committee, the management of risk was overseen by the Board. Further detail on how risk was managed prior to and following the establishment of the committee is outlined in Recommendations 7.2, 7.3 and 7.4.

RECOMMENDATION 7.2:

The board or a committee of the board should:

- **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.**

MDL practice: The Company's Audit & Risk Committee Charter requires that the committee meets to review the Company's risk management framework at least twice a year. Specifically, the committee is tasked with:

- overseeing the identification of significant risks and their consequences;
- ensuring that periodic assessments of the risks faced by the Company in the course of its operating activities are undertaken and reviewing and agreeing on the arrangements effected to manage or mitigate those risks;
- reviewing and assessing the adequacy of the Company's risk management framework, including the identification of material exposure to and management of economic, environmental and social sustainability risks;
- reviewing management's approach to the management and reporting of risks having regard to the Company's Risk Oversight and Management Policy; and
- periodically reviewing the Company's insurance program having regard to business and operating risks.

The Executive team is responsible for designing, implementing, reviewing and providing assurance to the Audit & Risk Committee as well as the Board as to the effectiveness of the Company's Risk Oversight & Management Policy. Further details are provided in Recommendation 7.4 below.

The Audit & Risk Committee undertook a risk review during the reporting period.

RECOMMENDATION 7.3:

A listed entity should disclose:

- **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.**

MDL practice: The Company is not currently of a size that can support an internal audit function. The Audit & Risk Committee is charged with the responsibility of monitoring and reviewing the Company's need for an internal audit function on a regular (and at least annual) basis.

The Board has implemented a policy framework designed to ensure that the group's risks are identified and that controls are adequate, in place and functioning effectively. Management is responsible to the Board for effective implementation and management of the Company's risk framework and internal control processes. The Company's Risk Oversight & Management Policy is available on the Company's website.

Management reports to the Board at each Board meeting on Company risk and internal control processes and at least once annually provides a comprehensive review to the Audit & Risk Committee. This review was conducted during the reporting period.

As communicated in the Company's Code of Conduct, it is an expectation of the Company that information will be recorded in an honest and accurate manner and that internal systems comply with relevant financial, legal and regulatory requirements.

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.

MDL practice: The Company recognises that risks are inherent in its business and go hand in hand with opportunity and growth. The Company is committed to achieving a high standard of performance in all its business activities and operations, and recognises that active identification and management of risk is fundamental. It is acknowledged that, to be most effective, managing risk should become part of the culture of the organisation, embedded into the Company's philosophy, practices and business processes.

MDL faces a range of risks in its business activities, including strategic, operational, environmental, economic, compliance, financial reporting, sustainability and other market risks. Where considered appropriate, these risks are insured against as well as being integrated into risk management practices. There are a number of risks, both specific and general in nature, to MDL and the entities within TiZir which may, either individually or in combination, affect the future operational and financial performance of the Company.

The summary of key risks set out below is not, and should not be considered to be, an exhaustive list of all the risks relevant to the Company and its 50% equity investment in TiZir. MDL, however, considers that these risks represent key Company risks, particularly risks to an investment in the Company. Additional risks and uncertainties that the Company is unaware of, or that the Company considers to be immaterial, may also become key risks and material. The risk factors outlined below omit how each is managed and may be mitigated and should be read in connection with any forward-looking statement and disclaimer that accompany Company reporting.

Key risks

- Commodity prices and global demand for TiZir's products are expected to remain uncertain
- Fluctuations in exchange rates
- Political, legal and fiscal changes in the places where MDL and TiZir operate
- Changes, limitations, withdrawal and/or challenge to MDL and TiZir's mining rights and title interests
- Restrictions on repatriation of earnings
- Adverse changes to emissions regulations and pricing
- Health, safety, security, environment and/or community incidents impacting MDL and TiZir's operations and/or reputation
- Inability to obtain/retain financing on acceptable terms or a contravention of financing covenants
- Inability/incapacity to effectively compete for future business opportunities
- Current expectations of future cash flows and available funding may not be realised, inhibiting planned expenditure and growth
- Cost inflation adversely impacting capital, operating costs and project expansion viability

- Uncertainty of resource, reserve and production estimates adversely impacting the profitability of mining and/or processing
- Loss of key personnel
- General operational risks including, but not limited to: natural disasters and events; capital equipment breakdowns; limitations or interruptions to transportation/port infrastructure, power generation and water supplies; breakdown/cyberattacks of information technology infrastructure and process control systems; a major smelter incident; labour disputes; and supply chain failure
- Delays or difficulties with production at GCO or TTI
- Inadequate insurance cover
- Unanticipated or higher than expected rehabilitation, closure and reclamation costs

Some key MDL assets, in particular GCO in Senegal, West Africa, which is held via MDL's interest in TiZir, are located in countries where political risks are potentially higher than in more developed regions. The MDL Board has considered the benefits and cost of political risk insurance and has determined that, at this time, it will not maintain political risk insurance on the equity component of its investment in TiZir or its interest in Senegal. MDL does not currently maintain any political risk insurance policy on any of its assets or interests.

Arrangements put in place by the Board to monitor risk management include:

- reports by the Chairman of the Audit & Risk Committee (formerly the Audit Committee) to the Board at least twice a year;
- regular reporting to the Board in respect of operations and the financial position of the group and weekly reporting of the Company's financial position;
- attendance of appropriate Executives/personnel at Board meetings whenever required by the Board;
- commissioning of special reports on aspects of risk mitigation as considered necessary;
- review of the Company's risk matrix and register; and
- presentations to the Board by appropriate managers/personnel (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which have been or can be adopted to manage or mitigate the risk.

The Company's Executive team is responsible to the Board for the global risk management and control framework. That responsibility includes the identification of material business risks and the design and implementation of strategies and systems to manage and insure, where possible, the Company's material business risks, overseen by the Audit & Risk Committee. The Executive team oversees a register of material risks to the Company, supplemented by risk control and mitigation plans. This register and its accompanying plans are updated and reviewed on a regular basis. Areas of significant business risk are highlighted in the strategic plan presented to the Board by the Executive team each year. The Executive team also reports to the Board annually as to whether the Company's material business risks are being managed effectively and did so during the reporting period.

PRINCIPLE 8. REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION 8.1:

The board of a listed entity should have a remuneration committee which:

- **has at least three members, a majority of whom are independent directors; and**
- **is chaired by an independent director,**

and disclose:

- **the charter of the committee;**
- **the members of the committee; and**
- **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.**

MDL practice: The Company established a Remuneration Committee on 24 August 2006. Following a review of the Company's governance framework during 2015, the Board resolved to establish a combined Nomination & Remuneration Committee. A brief summary of the Nomination & Remuneration Committee's charter and membership is provided under Recommendation 2.1. A copy of the committee's charter is available on the Company's website.

During the reporting period and prior to its restructuring in July, the Remuneration Committee convened three formal meetings. Following its restructuring, the Nomination & Remuneration Committee convened one meeting. At the time of these meetings the committee comprised the following members and all members were in attendance: Dr David Isles (Chair), Dr Robert Danchin and Dr Tom Whiting, all of whom are independent directors.

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.

Detailed commentary on the remuneration of directors (both executive and non-executive) and senior executives is set out in the Remuneration Report which forms part of the Company's 2015 Annual Report. The Annual Report is available on MDL's website. In summary, the following remuneration policy applied to the reporting period:

Non-executive directors

NEDs each receive a fixed fee for their services as directors and statutory superannuation (where applicable). In addition, NEDs are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred whilst engaged on Company business. No additional fees are paid for participation on any Board committees. At the Board's discretion, additional fees may be paid for special duties or extra services performed on behalf of the Company. NEDs do not receive retirement benefits. Non-executive directors are not eligible to participate in issues arising from Company incentive plans.

Fees paid to NEDs are determined by the Board and are subject to an aggregate limit of A\$750,000 per annum in accordance with the Company's constitution and as approved by shareholders at the Annual General Meeting held in May 2013.

Executive directors and senior executives

The Company's remuneration structure for executives was under review during the period and comprised 'fixed' elements and eligibility for 'variable' (performance-based) elements.

- The 'fixed' component includes base salary and superannuation. The Board conducts regular benchmarking of executive positions and takes into account recommendations of external remuneration consultants (where available) to ensure fixed remuneration for executives remains competitive with companies in similar industries and those of similar market capitalisation. No guaranteed increase to fixed remuneration is provided in any Executive contract and amendments typically occur in response to promotions, role and/or responsibility adjustments and changed market circumstances.
- The 'variable' component during the reporting period comprised eligibility for a short-term incentive ('STI'). A long-term incentive ('LTI') was not established as the Executive remuneration structure was under review. STI and LTI rewards are tied to satisfaction of performance hurdles aligned with shareholder value.

The proposed 2016 remuneration structure is outlined in the Company's Remuneration Report, available in the 2015 Annual Report.

RECOMMENDATION 8.3:

A listed entity which has an equity-based remuneration scheme should:

- **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**
- **disclose that policy or a summary of it.**

MDL practice: Key Management Personnel participating in an equity-based incentive plan of the Company are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in MDL securities. This provision, along with other guidance in relation to MDL securities, is outlined in the Company's Securities Trading Policy, which is available on the Company's website.