Rules 4.7.3 and 4.10.3[1]

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	**Financial year ended:**
19 064 377 420	31 December 2016

Our corporate governance statement[2] 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 2016 and has been approved by the board.

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

Date:	24 February 2017
Name of Director or Secretary authorising lodgement:	Michaela Evans 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: ☑ 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): ☑ 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: ☑ 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: ☑ 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: ☑ 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.

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	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): ☑ in our Corporate Governance Statement … and a copy of our diversity policy or a summary of it: ☑ at www.mineraldeposits.com.au/governance/ … 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: ☑ in our Corporate Governance Statement … and the information referred to in paragraphs (c)(1): ☑ in our Corporate Governance Statement	Not Applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☑ in our Corporate Governance Statement … and the information referred to in paragraph (b): ☑ in our Corporate Governance Statement	Not Applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☑ in our Corporate Governance Statement … and the information referred to in paragraph (b): ☑ in our Corporate Governance Statement	Not Applicable

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	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	… the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☑ in our Corporate Governance Statement … and a copy of the charter of the committee: ☑ at www.mineraldeposits.com.au/governance/ … and the information referred to in paragraphs (4) and (5): ☑ in our Corporate Governance Statement Paragraph (b) is not applicable to the Company.	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.	… our board skills matrix: ☑ in our Corporate Governance Statement	Not Applicable

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: ☑ 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: ☑ 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: ☑ 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	☑ 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: ☑ 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: ☑ in our Corporate Governance Statement and Code of Conduct at www.mineraldeposits.com.au/governance/	Not Applicable

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	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	… the fact that we have an audit committee that complies with paragraphs (1) and (2): ☑ in our Corporate Governance Statement … and a copy of the charter of the committee: ☑ at www.mineraldeposits.com.au/governance/ … and the information referred to in paragraphs (4) and (5): ☑ in our Corporate Governance Statement Paragraph (b) is not applicable to the Company	Not Applicable
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.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement	Not Applicable

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: ☑ 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: ☑ 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: ☑ 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: ☑ 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: ☑ 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: ☑ in our Corporate Governance Statement	Not Applicable

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	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	… the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☑ in our Corporate Governance Statement … and a copy of the charter of the committee: ☑ at www.mineraldeposits.com.au/governance/ … and the information referred to in paragraphs (4) and (5): ☑ in our Corporate Governance Statement Paragraph (b) is not applicable to the Company	Not Applicable
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that the 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: ☑ in our Corporate Governance Statement … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☑ in our Corporate Governance Statement	Not Applicable

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: ☑ 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: ☑ 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): ☑ in our Corporate Governance Statement … and a copy of the charter of the committee: ☑ at www.mineraldeposits.com.au/governance/ … and the information referred to in paragraphs (4) and (5): ☑ in our Corporate Governance Statement Paragraph (b) is not applicable to the Company	Not Applicable

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.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☑ in our Corporate Governance Statement and Remuneration Report (available in the Company's Annual Report) and in our Remuneration Policy at www.mineraldeposits.com.au/governance/	Not Applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☑ in our Corporate Governance Statement and Securities Trading Policy at www.mineraldeposits.com.au/governance/	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 2016 to 31 December 2016. 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**

  A core governance document, the constitution establishes the contract between the Company and each member; the Company and the directors & company secretary; and a member and other members. MDL's constitution was last updated in 2013.

- **Code of Conduct**

  A guiding document designed to clearly state the way in which we aim to conduct ourselves in business and with our internal and external stakeholders. These practices help create an environment which assists MDL to achieve its potential in a global market.

- **Corporate Governance Statement**

  Annually updated and released to the ASX, this statement sets out the Company's governance structure and practice for the relevant reporting period against the most recent edition of the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations'.

- **Board Charter**

  Defines the roles, responsibilities and authorities of the board and management in setting the strategic direction, business plan, management, control and good corporate governance practice of the Company.

- **Audit & Risk Committee Charter**

  Addresses the objectives, membership, authority, responsibilities and procedures of the Audit & Risk Committee. Objectives include financial reporting integrity; external auditor independence; risk management; internal control; and compliance.

- **Nomination & Remuneration Committee Charter**

  Addresses the objectives, membership, authority, responsibilities and procedures of the Nomination & Remuneration Committee. Objectives include board composition and succession; board and executive performance; and remuneration structure, policies and practice.

- **Anti-Bribery & Corruption Policy**

  Sets out the Company's responsibilities, and the responsibilities of those working for the Company, in observing and upholding MDL's position on bribery and corruption. The policy also provides information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

- **Diversity Policy**

  Outlines the Company's commitment to sustaining a fair and equitable workplace environment.

- **Human Rights & Child Protection Policy**

  Establishes MDL's dedication to conducting its business in a manner consistent with the philosophy of, and principles outlined in, the Universal Declaration of Human Rights.

- **Market Disclosure & Communications Policy**

  As a company listed on the ASX, MDL is committed to ensuring that investors have equal and timely access to Company information and that announcements are clear, concise and compliant with ASX disclosure principles. This policy is a key guiding document in facilitating effective two-way communication.

- **Remuneration Policy**

  Provides guidance on the Company's remuneration policy, structure and practice with respect to non-executive and executive directors, senior management and other staff.
- **Risk Oversight & Management Policy**

  MDL faces a range of risks in its business activities, including financing, strategic, operational, environmental, compliance, financial reporting, sustainability and other market risks. This policy outlines the Company's aims with respect to the identification and control of risk as well as the effectiveness of its risk management framework.
- **Securities Trading Policy**

  Outlines the circumstances in which Designated Persons (including directors, executives and employees, amongst others) may trade in MDL Securities.
- **Sustainability Policy**

  Summarises the Company's dedication to achieving excellence in managing environmental, safety, health and social performance in its work places, activities and operations.

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: For the majority of the reporting period, MDL's board comprised a non-executive chairman (formerly the executive chairman), two executive directors (including the managing director) and three independent, non-executive directors (including the deputy chairman). Board membership for the entire reporting period is outlined below:

Position	Name	Appointment Date	Cease Date
Executive Chairman	Nic Limb	16 May 1994	20 May 2016
Non-Executive Chairman	Nic Limb	20 May 2016	N/A
Managing Director	Robert Sennitt	8 April 2016	N/A
Executive Director	Martin Ackland	21 July 2003	N/A
Deputy Chair/Independent, Non-Executive Director	Robert Danchin	9 February 2007	N/A
Independent, Non-Executive Director	Tom Whiting	19 January 2012	N/A
Independent, Non-Executive Director	Charles (Sandy) MacDonald	21 February 2014	N/A
Independent, Non-Executive Director	David Isles	23 December 2002	20 May 2016

The Company's Board Charter, adopted in July 2013 and last updated in September 2016, outlines the roles, responsibilities and authorities of the board 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 stakeholders. The board's two main committees are the Audit & Risk Committee and the Nomination & Remuneration Committee. Both committees make recommendations to the board but do not relieve the board of its responsibilities. These two board committees operate within the framework of formally adopted charters establishing their objectives, membership, authority, responsibilities and procedures. 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. The Company's non-executive chairman and executive directors represent the Company's interest on the board of TiZir Limited ('TiZir'). The 50/50 TiZir joint venture is MDL's principal asset and includes the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway.

Further details of the board's role and responsibilities as well as the primary responsibilities of the chairman and the chief executive officer ('CEO') 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 and performance 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 commentary 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 also includes 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 and 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.

MDL 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 2016 MDL had the following workforce profile:

	Female	Female %	Male	Male %
Board	0	0	6	100
Executive*	1	20	4	80
Other	2	66.7	1	33.3
Total (excluding non-executive directors)	**3**	**37.5**	**5**	**62.5**

* The 'executive' encompasses the executive directors, chief operating officer, chief financial officer and company secretary.

The CEO was appointed managing director during the period. No new executive appointments were made and, as such, testing of the second objective is not applicable. 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 process reviews the performance of the board against its responsibilities and the performance of the board 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 report 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 are 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 eight 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 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 chief operating officer (‘COO’), chief financial officer (‘CFO’), company secretary and other corporate staff is typically reviewed by the managing director 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. Following a review of the Company's governance framework during 2015, the board resolved in July 2015 to establish a combined nomination and remuneration committee (having previously operated these committees separately).

For the majority of the year, the Nomination & Remuneration Committee comprised two independent directors and one non-executive director, being Tom Whiting, Robert Danchin and Nic Limb respectively. Dr Whiting, who is not the chairman of the board, is the chairman of the committee. Mr Limb replaced independent director David Isles who retired from the board in May 2016.

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 committee formally met four times during the reporting period, with all eligible members in attendance.

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. In accordance with this review and the Company's succession plan, the following board changes occurred:

- experienced and long-standing Independent Non-Executive Director David Isles retired from the board;
- Executive Chairman Nic Limb transitioned to the position of non-executive chairman (while retaining his role as chairman on the TiZir board); and
- CEO Robert Sennitt was appointed to the board as managing director.

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
• Exploration • Production • Technical (engineering, metallurgy) • Project management • Mineral sands specific	• Capital markets • Commodity markets • Finance/Accounting • Risk management • Health/Safety/Environment/Community • Legal/Compliance • Government relations • Foreign/In-country experience	• Joint venture expertise • 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 during the reporting period included: David Isles (appointed 23 December 2002, retired 20 May 2016), Robert Danchin (appointed 9 February 2007), Tom Whiting (appointed 19 January 2012) and Charles MacDonald (appointed 21 February 2014). The non-executive directors currently in office have declared that there are no relationships that may affect their status as independent directors.

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 chairman 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 2016 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. For the majority of the reporting period, the board comprised two executive directors (including the managing director), the non-executive chairman and three independent, non-executive directors (specified in Recommendation 2.3). The current equal balance of independent and non-independent board representation reflects the transitional status of the MDL board. As noted in Recommendation 2.2, the structure of the board is under active consideration as the needs of the business change.

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, Nic Limb, transitioned from his position as executive chairman to non-executive chairman at the Company's AGM in May 2016 and is therefore not independent and will not be considered independent for a period of three years following this transition.

Mr Limb has been a director of the Company since it listed on the 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 ongoing responsibilities for the Company with respect to his chairmanship of TiZir and time commitments associated with his other roles.

The Company's deputy chairman, Robert Danchin, who is an independent, non-executive director, has special responsibility for corporate governance and related areas.

The Company's chairman and the Company's CEO have separate roles and responsibilities which were formally resolved by the board in September 2016 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 comprises three members, all of whom are independent, non-executive directors of the Company. Up until May of the reporting period, David Isles chaired the committee comprising fellow members Robert Danchin and Tom Whiting. Following David Isles' retirement, Charles MacDonald was appointed as a new member to the committee and Robert Danchin (who is not the chairman of the board) was appointed chairman. 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 & Risk Committee met five times. All eligible 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 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 of the auditors 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 managing director, COO, 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: The Company maintains an up-to-date and comprehensive website that is structured 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, GCO and TTI, 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 high-quality 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 material 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 welcomes 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 board, executive team and the Company's auditor;
- adopting voting systems that 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 managing director 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 registry (Computershare) 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 audit 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. A brief summary of the Audit & Risk Committee's charter and membership is provided under Recommendation 4.1. A copy of the committee's charter is available on the Company's website.

The Audit & Risk Committee membership comprises three members, all of whom are independent, non-executive directors of the Company. Up until May of the reporting period, David Isles chaired the committee comprising fellow members Robert Danchin and Tom Whiting. Following David Isles' retirement, Charles MacDonald was appointed as a new member to the committee and Robert Danchin (who is not the chairman of the board) was appointed chairman.

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

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 financing, strategic, operational, environmental, 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, TiZir 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 statements and disclaimer that accompany Company reporting.

Key Risks

Risks associated with the Company's business/assets

Current and future funding arrangements

TiZir's operations involve capital investment and financial risk. Continuance of mining and mineral processing activities as well as the Company's realisation of the value of its investment in TiZir depends on TiZir's ability to obtain funding as and when required, whether through internal positive cash flows, debt financing, equity funding or other financing means. No assurance can be given that any financing arrangements will be available or available on terms acceptable to TiZir. If such alternatives are not available, MDL may be required to provide funding to TiZir or to deliver all or a portion of its assets to TiZir's lenders as satisfaction of any outstanding amounts due.

MDL cash flow risks

If TiZir is unable to meet its financial obligations either through cash flow generation or its ability to secure finance, it may need to seek financial support from its shareholders (including MDL).

In addition to these general cash flow risks, certain specific risks outlined in *Key Risks* have the potential to generate a cash flow shortfall at the TiZir level that may require funding from third party financiers or its shareholders (including MDL). There can be no assurances that MDL will not be required to contribute further funding to TiZir to assist with meeting any cash flow shortfalls associated with these specific risks. Additionally, there is no guarantee that MDL will have sufficient capital to meet its ongoing joint venture obligations. The Company may need to raise additional funds, which would have a consequential impact on the share capital structure of the Company.

From December 2015 and up to the date of the release of this corporate governance statement, ERAMET has made funding available to MDL such that MDL is able to continue to meet its obligations to the joint venture. Notwithstanding current arrangements, the availability of future funding from ERAMET to MDL is not assured and, if available, increases the risk that MDL's investment in TiZir could be diluted should it not be in a position to repay any financing made available under the terms of the TiZir shareholders' agreement.

General market risks in relation to products – commodity price risk

The prices for titanium feedstocks and zircon fluctuate widely and are affected by numerous factors beyond the control of MDL including, but not limited to, supply/demand balances, strategies of major producers, worldwide inflation and deflation, interest and currency exchange rates, price and availability of substitutes, actions taken by governments and global economic and political developments. Future production from MDL's mining and processing assets is primarily dependent upon the prices for titanium feedstocks and zircon being adequate to make these operations economic. There is no assurance that, even as commercial quantities of titanium feedstocks and zircon are produced, a profitable market will exist for them.

General market risks in relation to products – demand fluctuations

MDL is reliant on demand for its joint venture products. Changes in demand due to economic downturn or customers sourcing alternative suppliers, amongst other factors, could adversely impact financial performance.

Uncertainty of resource and reserve estimates

Mineral resource and reserve estimates are estimates only and no assurance can be given that: anticipated tonnages and grades will be achieved; the indicated level of recovery will be realised; or reserves can be mined or processed profitably. Assumptions informing reserve estimates may change over time resulting in revisions to their economic viability and a consequent need to restate.

Operational risks

The operations of both TTI and GCO are reliant on critical equipment, such as the furnace and pre-reduction kiln at TTI as well as the mineral sands dredge, wet concentrator plant, mineral separation plant and power plant at GCO. Equipment may incur downtime as a result of unanticipated failures or other events, such as fire, loss of power supply and the unavailability of spare parts. Any downtime, delays or difficulties in mining, processing and production, even whether covered in whole or in part by insurance, may adversely impact product delivery and production optimisation, thereby impacting on the financial performance of the Company.

The operations in which MDL is invested are also vulnerable to a wide range of difficulties and interruptions, including:

- natural events such as storm, flood, drought, fire, and the possible effects of climate change;
- restricted access to key transport networks (reliable roads, rail, ports), power generation and transmission, and water supplies;
- limitations or interruptions in transport, power or water infrastructure;
- extended failure or damage to critical information technology infrastructure or systems;
- a loss of control process that could lead to a release of hazardous materials; and
- supply chain failures.

Such events and their consequences, even whether covered in whole or in part by insurance, may be detrimental to the Company's activities and profitability.

Production at TTI is currently in ramp up phase following an operational incident that occurred in August 2016 and the subsequent completion of furnace repairs and reline between August 2016 and early January 2017. While a full and final insurance settlement was received by TTI in December 2016 in relation to this incident, there are inherent operational risks related to ramp up, which may result in the ramp up of production not proceeding in a manner or in accordance with the expected timeframe. Such risks may have an adverse impact on the financial position of TiZir and MDL. Further, no assurances can be given that an incident of a similar nature will not reoccur in the future.

Asset realisation risks

The Company's capacity to realise the value of its investment in TiZir is dependent on GCO and TTI operating successfully and generating forecast cash flow.

In the event that ERAMET provides funding to TiZir on behalf of MDL to assist TiZir in meeting its obligations, there is an increase in the risk that MDL's investment in the joint venture could be diluted should the Company not be in a position to repay any financing made available under the terms of the TiZir shareholders' agreement.

Dilution of the Company's investment in TiZir may have the following impacts including, but not limited to: loss of ability to influence TiZir's management and operations, potential delays in the timing and quantum of the Company's investment returns, and loss of equal voting rights on the strategic direction of the joint venture.

Dependence on key personnel

MDL and TiZir and their business activities (including operations) are reliant on key personnel (either employed or engaged), the loss of whom may have a material adverse impact on operational and financial performance of both entities. Failure to recruit and retain qualified, high-performing personnel at MDL or at TiZir's operations may impact on Company performance.

Employment and labour relations

MDL and TiZir and their employees may be affected by changes in labour laws and regulations which may be introduced by governments in jurisdictions of operation. Such changes may adversely affect business activities. MDL and TiZir may experience difficulties in employing and retaining suitably qualified personnel, particularly given the location of current operations. Malaria and other infectious diseases represent a threat and an ongoing healthcare challenge to maintaining a skilled workforce in West Africa. Pandemics may also impact on operations and the ability to maintain sufficient numbers of a skilled workforce. Labour disputes, resulting in strike action or work stoppages, may result in decreased production and increased costs. Labour agreement renegotiations may also result in elevated operating costs.

Inadequate insurance coverage

MDL is exposed to a number of business risks and insurance may not be sought, obtainable or adequate for all risks. In addition, insurance coverage may not be sufficient to cover business interruption losses or liability. The manifestation of an inadequately insured risk could adversely impact the Company's business.

Some key MDL assets, in particular GCO in Senegal, West Africa, 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, the Company will not maintain political risk insurance on the equity component of its investment in TiZir or its interest in Senegal or any of its other assets or interests.

In respect of MDL operational risks, insurance policies are entered into by TiZir, GCO and TTI rather than MDL.

Input costs, inflation and foreign exchange rates

Changes to input costs, inflation and foreign exchange rates could increase TiZir's operating and capital costs. While in some cases such cost increases may be controlled or offset by increased selling prices, there is no assurance that this will eventuate. Operating margins and necessary capital costs may be adversely impacted by a failure to contain unanticipated cost increases.

Repatriation of earnings

There is no assurance that Senegal, Norway or any other foreign country wherein MDL has interests will not impose restrictions on the repatriation of earnings to foreign entities.

Licences and permits

TiZir's exploration, mining and processing activities are dependent upon the granting, maintenance and renewal of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn, not granted or made subject to limitations or new conditions. Risks regarding licences and permits that may impact on TiZir may have a material adverse impact on MDL.

Health, safety, security, environment and community

MDL and TiZir's sustainable development policies and activities, covering health, safety, security, environment and community issues, are subject to government laws, regulations and standards as well as stakeholder expectations. These regulatory frameworks and expectations may change over time and may have a material adverse effect on the Company's operations and reputation.

Failure to comply with applicable health, safety, security, environment and community laws, regulations and permitting requirements may result in enforcement actions including fines, penalties, compensation claims, corrective measures requiring capital expenditure, or the ceasing of operations, amongst others.

Environmental hazards may exist on MDL and/or TiZir properties which are currently unknown and which could have been caused by previous owners or operators. It is possible that MDL and/or TiZir would be required to remedy such hazards or that such hazards may affect the Company's future operations.

Closure, reclamation and rehabilitation costs

While currently expected closure, reclamation and rehabilitation works necessary to return operating sites to local communities are budgeted for, changes over time to legislation, standards and techniques or the introduction of new legislation, standards and techniques may result in unanticipated or higher than expected costs. Over time, events may arise or changes may occur that vary the life of an operation and, consequently, the timing of expenditure with respect to closure, reclamation and rehabilitation of operating sites may also change.

Political and foreign operations risks

The operations of TiZir are currently conducted in Senegal and Norway and, as such, are exposed to various levels of political, economic and other natural and man-made risks and uncertainties over which MDL has limited or no control.

These risks and uncertainties may include, but are not limited to: economic, social or political instability; terrorism; hostage taking; military repression; labour unrest; community disputes; the risks of war or other forms of civil unrest; expropriation and nationalisation; renegotiation, nullification or adoption of new laws or regulations concerning existing concessions, licences, permits and/or contracts; high rates of inflation; changes in taxation policies; restrictions on foreign exchange and repatriation; validity of export rights and payment of duties; changing political conditions; currency controls; customs regulations policies; changes or adoption of new laws affecting foreign ownership; government participation or control of working conditions; changes to regulations associated with greenhouse gas emissions and the introduction of carbon pricing mechanisms; and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in the loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and, even whether covered in whole or in part by insurance, could have an adverse effect on the operations of TiZir or profitability of MDL.

Joint venture risks

Through a joint venture arrangement with ERAMET, MDL owns 50% of TiZir which owns 90% of GCO and 100% of TTI. The joint venture is governed by a shareholders' agreement. A breakdown in the joint venture relationship or a contravention of the TiZir shareholders' agreement could have a material adverse effect on the Company's investment in the joint venture. Additionally, the joint venture structure impacts on the Company's capacity to manage, mitigate or avoid TiZir's risks independently.

Litigation risks

MDL may be the subject of complaints or litigation by customers, suppliers, employees or officers, shareholders, government agencies, regulatory authorities or other third parties. Changes in laws and regulations can heighten litigation risk. Litigation and other proceedings may be taken against MDL that could divert management's attention from the business and materially adversely affect the business or financial performance or condition of MDL. If such proceedings were brought against MDL, considerable time and cost may be incurred to defend those proceedings (even if successful), with the potential for damages and costs awarded against MDL if unsuccessful.

Constraints on company growth

MDL's ability to grow its existing capacity and extend the life of TiZir's operations is dependent on a number of factors which may or may not materialise as expected or planned. Additionally, MDL competes with other companies for future business opportunities.

Strategic investments, acquisitions or divestitures

No assurance can be given that MDL's current or possible future investments, acquisitions or divestitures can or will be completed successfully or favourably. MDL may be liable for past acts as well as anticipated and unanticipated liabilities procured through the Company's acquisition or investment activities.

General Risks

General economic climate

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs. The Company's future income, asset values and share price can be affected by these factors and, in particular, by the market price for any products or services that the Company may acquire or sell.

Government policy changes

Any material adverse changes in government policies or legislation of any countries in which the Company may operate may affect the viability and profitability of MDL.

Foreign currency and exchange rate fluctuations

Revenue, expenditure, interest, dividends and loan receipts of the Company may be domiciled in currencies other than Australian dollars and, as such, expose the Company to foreign exchange movements which may have a positive or negative influence on the Australian dollar. The Company will appropriately monitor and assess such risks and may from time to time implement measures, such as foreign exchange currency hedging, to assist managing these risks. However, the implementation of such measures may not eliminate all such risks and the measures themselves may expose the Company to related risks.

Taxation

Future changes in Australian taxation laws, including changes in interpretation or application of laws by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in MDL Shares, or the holding and disposal of those Shares. Further changes in tax law or changes in the way tax law is expected to be interpreted in the various jurisdictions in which MDL, TiZir, GCO and/or TTI operates, may impact the future tax liabilities of MDL.

Stock market conditions

MDL fully paid ordinary shares are listed on the ASX, where their price may rise or fall. The market price of MDL's shares may fluctuate due to various factors including the risk factors outlined above. These factors are not an exhaustive list of risks faced by MDL or by investors in MDL. The above factors, and others not referred to in this corporate governance statement, may in the future materially affect the financial performance of MDL. The market for mining industry securities has historically experienced significant fluctuations in price and trading volumes which may be unrelated to the performance of individual companies. MDL securities carry no guarantee in respect of profitability, dividends, return of capital, liquidity or the price at which they may trade on the ASX. The stock market has in the past and may in the future be affected by a number of matters including: market confidence; supply and demand for money; and currency exchange rates. Nothing in this corporate governance statement should be construed as either an offer to sell or a solicitation to buy or sell MDL securities.

Risk Management

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

- reports by the chairman of the Audit & Risk 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;
- executive, committee and board 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.

For the majority of the year, the Nomination & Remuneration Committee comprised two independent directors and one non-executive director, being Tom Whiting, Robert Danchin and Nic Limb respectively. Dr Whiting, who is not the chairman of the board, is the chairman of the committee. Mr Limb replaced independent director David Isles who retired from the board in May 2016.

The committee formally met four times during the reporting period, with all eligible members in attendance.

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 2016 Annual Report. The Company's Remuneration Policy which provides guidance on MDL's remuneration policy, structure and practice with respect to non-executive and executive directors, senior management and other staff is available on the MDL website. In brief, the following remuneration policy applied to the reporting period:

Non–executive directors ('NEDs')

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. NEDs 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

With the exception of the technical executive director (whose remuneration solely comprised 'fixed' elements), the Company's remuneration structure for executives comprised 'fixed' elements and eligibility for 'variable' (performance-based) elements, as follows:

- 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 sought) 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') and a long-term incentive ('LTI'). STI and LTI rewards are tied to satisfaction of performance hurdles aligned with shareholder value.

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.