

## **GENERAL MINING CORPORATION LIMITED CORPORATE GOVERNANCE STATEMENT 2015**

The Directors of General Mining Corporation Limited (GMM or the Company) believe that effective corporate governance improves Company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the Company assesses its governance practices on an ongoing basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the Company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The following information about the Company's corporate governance practices is set out on the Company's website at [www.generalmining.com](http://www.generalmining.com):

- Board Charter;
- Nomination Committee Charter;
- Audit Committee Charter;
- Remuneration Committee Charter;
- Procedure for Selection and Appointment of Directors;
- Procedure for Performance Evaluation;
- Procedure for Selection and Appointment of External Auditor;
- Disclosure Policy;
- Shareholder Communication Guidelines and Policy
- Securities Trading Policy;
- Risk Management Guidelines and Policy;
- Corporate Code of Conduct.

The extent to which the Company has complied with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (3rd edition) during the year ended 30 June 2015 (the "Reporting Period") is set out below. This statement was approved by a resolution of the Board on 30 October 2015.

Corporate Governance Council recommendation		Comment
<b><u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u></b>		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Board has adopted a charter setting out the purpose and role of the Board, its responsibilities and powers, the way in which the Board functions and the delegations to executive officers. This charter is available in the corporate governance section of the Company's website.
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.	No new directors were appointed during the Reporting Period however a Board restructure has taken place since the end of the financial year.  The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director. The procedure for selection and appointment of directors is available in the corporate governance section of the Company's website.  Director profiles are included in the annual report and in any notice of meeting where a director is standing for election or re-election.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	During the Reporting Period the Company had a written agreement with each director and senior executive setting out the terms of their appointment.  Agreements with the new non-executive directors are being finalised as well as a revised agreement for the Executive Chairman (previously a non-executive director).
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary has a direct line of communication with each director and is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board .
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	A formal policy for diversity has not been adopted by the Company to date. Given the small size of the Company's workforce, the early stage of its development and the skewed nature of diversity in the sector in which it operates the board does not consider a formal policy or set of measurable objectives to achieve diversity would be of value.  In considering the composition of the Company's board and workforce priority is given to qualifications, ability, competence and the overall contribution to the Company's operations and ultimate success. A non-discriminatory environment is aspired to and positive measures to provide opportunities for the personal and professional development of personnel are considered important.

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	<p>diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity's most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	<table><tr><th>Category</th><th>Total</th><th>Number of women</th><th>% women</th></tr><tr><td>Whole organisation (including Board and senior executives)</td><td>9</td><td>1</td><td>11</td></tr><tr><td>Board</td><td>4</td><td>0</td><td>0</td></tr><tr><td>Senior Executive<sup>1</sup> positions (excluding Board)</td><td>2</td><td>1</td><td>50</td></tr></table> <p><sup>1</sup> Both senior executives (Key Management Personnel) are engaged as consultants.</p>				Category	Total	Number of women	% women	Whole organisation (including Board and senior executives)	9	1	11	Board	4	0	0	Senior Executive <sup>1</sup> positions (excluding Board)	2	1	50
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1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors in accordance with the process disclosed in the Company's Performance Evaluation Procedure.</p> <p>During the Reporting Period consideration was given to restructuring of the Board in view of the Company's transition to production and a formal performance evaluation of the then existing Board was not deemed necessary.</p>																			
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Chair is responsible for evaluation of the Company Secretary at part of the Board evaluation process. The Managing Director is responsible for evaluation of other senior executives in accordance with the process disclosed in the Company's Performance Evaluation Procedure.</p> <p>No formal evaluation was conducted during the Reporting Period, however, no matters for concern were raised with regards to the performance senior executive functions.</p>																			

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<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>	
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>A separate Nomination Committee comprised of only two directors (Mr Wright and Mr Readhead), both of whom were independent, was in place during the Reporting Period. While this does not comply fully with the Recommendations, the Board considered the composition of the committee to be adequate for the requirements of the Company.</p> <p>The Nomination Committee charter is available in the corporate governance section of the Company's website.</p> <p>There were no separate formal meetings of the Nomination Committee during the Reporting Period.</p> <p>Subsequent to the end of the Reporting Period, the Board has been restructured and at the date of this statement the Nomination Committee has not yet been re-formed.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Prior to the recent restructure, the Board was comprised of directors with qualifications and skills in the following areas: geological; project generation; legal; listed resource company experience (including project development and funding) and business skills. With the Company's transition towards mineral production, the skills matrix was re-evaluated to incorporate a greater emphasis on technical qualifications and experience in minerals processing with particular reference to rare metals production.</p>

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<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>During the Reporting Period the Board was comprised of four directors, three of whom were considered independent: Michael Wright (appointed February 2008).</p> <p>Craig Readhead (appointed August 2007) – Mr Readhead’s position with a firm providing legal advice to the Company was not considered to have any material effect on his ability to act independently, nor was his position as a former director of Galaxy Resources Limited. Mr Readhead was considered to be able to exercise independence of mind in all matters except in areas where a declared interest, could, or could be perceived to, lead to conflicts of interests. It is noted that Mr Readhead did not participate in discussions of matters in which he could be considered to have an interest.</p> <p>Robert Wanless (appointed May 2007) - Mr Wanless’s position as a former director of Galaxy Resources Limited was not considered to have any material effect on his ability to act independently. Mr Wanless was considered to be able to exercise independence of mind in all matters except in areas where a declared interest, could, or could be perceived to, lead to conflicts of interests. It is noted that Mr Wanless did not participate in discussions of matters in which he could be considered to have an interest.</p> <p>Michael Fotios (appointed June 2012) –Mr Fotios was not considered independent given his significant holdings in the Company. During the Reporting Period he undertook increasing executive responsibilities and, subsequent to the board restructure, has been appointed as Executive Chairman.</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>During the Reporting Period and subsequently, the Board was comprised of a majority of directors considered independent.</p>
<p>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.</p>	<p>During the Reporting Period, the Chairman was an independent director, Michael Fotios. However, subsequent to the end of the 2015 financial year, Michael Fotios has been appointed as Executive Chair. Given the reduced size and changed structure of Board, combining the roles of chief executive and chairman is considered a more effective use of resources as the Company transitions to production.</p>
<p>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.</p>	<p>During the Reporting Period and subsequently the Company does not have a formal program for inducting new directors – with infrequent turnover in the Board it has not previously been considered a priority, however with the Board restructure and appointment of two new directors, the Company will take the opportunity to develop a practical program of induction.</p> <p>Subject to prior approval, the Company may pay reasonable expenses for directors to participate in applicable ongoing educational activities and to access appropriate independent professional advice for the proper discharge of their responsibilities.</p>

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<b><u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u></b>		
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Board has adopted a corporate code of conduct which expresses certain basic principles that the Company and employees, consultants and contractors should follow in all dealings related to the Company. They should show the highest business integrity in their dealings with others, including preserving the confidentiality of other people's information and should conduct the Company's business in accordance with law and principles of good business practice.</p> <p>The Code of Conduct is available in the corporate governance section of the Company's website.</p>
<b><u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u></b>		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b><u>OR</u></b></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>During the Reporting Period the Company had an Audit Committee which was comprised of Messrs Wright, Readhead and R Wanless, a majority of whom were deemed independent. The chair of the Audit Committee was Mr Wright who was also Chairman of the Board. Mr Wright was considered by the Board to be the most appropriate person to chair the Audit Committee given his relevant qualifications and experience. Further, given the size and level of activity of the Company and the division of authority between the Chairman and management, the Board did not consider that a different chair for the Audit Committee would further enhance the operation of that committee. All members of the Audit Committee were considered to be financially literate and experienced in the industry in which the Company operates. Their profiles are set out in the Company's annual financial report for the year ending 30 June 2015.</p> <p>The Audit Committee charter is available in the corporate governance section of the Company's website.</p> <p>There were no separate formal meetings of the Audit Committee during the Reporting Period with the business of the committee carried out by informal discussion between the committee members, management and the auditor.</p> <p>Subsequent to the Reporting Period, the Audit Committee has not yet been re-formed and in any event given there are only two non-executive directors, its composition will not comply with the recommendations.</p>

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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.	During the Reporting Period the Board received declarations with the appropriate assurances from director Michael Fotios and Company Secretary Karen Brown in respect of the statutory financial statements for the full year and the half year.
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 Company's auditor is invited to attend each annual general meeting. Shareholders are advised of the auditor's attendance and are given the opportunity to address questions to the auditor. The auditor attended the annual general meeting held on 28 November 2014.
<b><u>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</u></b>		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. This is disclosed on the Company's website <a href="http://www.generalmining.com.au">www.generalmining.com.au</a> .
<b><u>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</u></b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company provides information about itself and its governance to investors via its website at <a href="http://www.generalmining.com">www.generalmining.com</a> as set out in its Shareholder Communications Guidelines and Policy.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company's investor relations procedures are disclosed in its Shareholder Communications Guidelines and Policy which is available on the website at <a href="http://www.generalmining.com">www.generalmining.com</a> .
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.	The Company has a Shareholder Communications Guidelines and Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

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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.	<p>Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically.</p> <p>The website also provides a “contact us” facility and a link to the share registry’s website from which shareholders can download a range of relevant forms. Shareholders can register with the share registry to access their personal information and shareholding details via the internet.</p>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>Given the current size of the Company and the Board, the directors believe there are no efficiencies in forming a separate committee for the oversight of risk management issues and the Board as a whole performs this role.</p> <p>The Company has adopted a risk management policy and guidelines which act as a de facto Risk Management Committee charter. When considering risk management the Board acts in accordance with the policy and guidelines.</p> <p>In the course of general business and corporate governance, the Board reviews various facets of the Company’s activities, evaluating risk issues and putting in place measures to mitigate certain manageable risks. Areas of particular interest include operational risk, title risk and financial risk.</p> <p>The Company engages an insurance broking firm as part of the Company’s annual assessment of the coverage for insured assets and risks.</p> <p>The Board believes that it has a thorough understanding of the Company’s key risks and is managing them appropriately.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>During the Reporting Period a formal review of the Company’s risk management framework was not carried out. A review is proposed to be carried out as the Company transitions to production.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it</p>	<p>Given the small size of the Company, the Board does not consider it necessary to implement a formal internal audit function at this time. The Board continually monitors the risk management and internal control processes adopted by</p>



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	<p>performs; <b>OR</b></p> <p>(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.</p>	the Company to ensure they are appropriate to the operations of the Company.
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.	The Board considers that, during the Reporting Period and at the date of this report, its operations do not create a material exposure to economic, environmental or social sustainability risks.
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(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.</p>	<p>During the Reporting Period the Company had a Remuneration Committee which was comprised of Messrs Wright, Readhead and R Wanless, a majority of whom were deemed independent. The chair of the Audit Committee was Mr Wright who was an independent director.</p> <p>The Remuneration Committee charter is available in the corporate governance section of the Company's website.</p> <p>There were no separate formal meetings of the Remuneration Committee during the Reporting Period Period with the business of the committee carried out by informal discussion by the directors.</p> <p>Subsequent to the Reporting Period, the Remuneration Committee has not yet been re-formed.</p>

Corporate Governance Council recommendation		Comment
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>Non-executive directors are entitled to receive fees from an annual aggregate fee pool available as approved by shareholders from time to time. These fees, payable as fixed salary or as consultancy fees, are quoted as inclusive of any statutory superannuation component.</p> <p>Executive directors and senior executives are entitled to receive a base salary and performance incentives where appropriate. The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other companies in similar industries</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>During the Reporting Period the Company did not have an equity-based remuneration scheme. Adoption of 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 will be considered at the appropriate time.</p>