



The Directors are pleased to provide the Corporate Governance Statement for Mineral Resources Ltd (MRL, the Company) and its related bodies corporate (Group) for the 2017 Financial Year (FY17).

The Company is committed to a high level of corporate governance that encourages and supports a culture that values safe, ethical behaviour in addition to integrity and respect. We believe that adopting and operating in accordance with the highest standards of corporate governance is essential to achieve long term growth and the creation of sustainable shareholder value.

This statement reports on the Company's core governance principles and practices. This statement has been approved by the Board and is current as at 16 August 2017.

Yours faithfully

A handwritten signature in black ink, appearing to read "Bruce Goulds".

**Bruce Goulds**  
Chief Financial Officer and Company Secretary  
16 August 2017

## Corporate Governance Statement

### 1.0 Overview

MRL's Board and management consider that an uncompromising commitment to safety, environmental performance, corporate governance, and accountability is essential for the Group to achieve its objective of being a world class supplier of goods and services to the resources sector. As a result, specific corporate governance policies have been issued to detail the expected behaviour required from MRL employees and major sub-contractors, to ensure these objectives are met.

The ASX Corporate Governance Council released the third edition of its "*Good Corporate Governance Principles and Recommendations*" ("Recommendations") in 2014. The Board supports the principles laid out in the Recommendations. Although the Recommendations are not prescriptive, the ASX Listing Rules require disclosure of the extent to which the Recommendations have been followed, and for the Group to identify and provide reasons for those Recommendations that have not been followed. The Recommendations are listed below, along with details on how the Group has addressed the Recommendations, whether the Group is compliant with the Recommendations, and the location of relevant documents/reports.

MRL's Governance Policies are available at the Corporate Governance section of the Group's website: [www.mineralresources.com.au](http://www.mineralresources.com.au). Where evidence of compliance with the Recommendations is included within this Report, or the Directors' Report section of the Group's Annual Financial Statements and Annual Report available on the Group's website, the relevant sections have been referenced in the table below.

### 2.0 ASX Recommendations and how MRL satisfies the Recommendations

ASX Recommendations	How MRL satisfies the Recommendations		
<b>Principle 1 – Lay solid foundations for management and oversight</b>			
<b>Recommendation 1.1:</b> A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved for the board and those delegated to management.</li> </ul>	<b>MRL Corporate Governance Document: Board Charter</b>		
	<b>Compliant with ASX Recommendations</b>	✓	<b>Document available</b> ✓ <b>On the Group's website</b>
	The Board Charter defines the role of the Board as approving the strategic direction of the Group, overseeing good governance practices and guiding and monitoring the performance of KMP, which includes the Board itself, for the benefit of all stakeholders. <p><b>The Board Charter assigns responsibility to the Board for:</b></p> <ul style="list-style-type: none"> <li>• setting the principles for safe and ethical behaviour of all MRL employees (Employees)</li> <li>• establishing the direction, strategies and financial objectives for the Group</li> <li>• monitoring compliance with regulatory requirements, and</li> <li>• supervision of the implementation of the policies, strategies and financial objectives set out above.</li> </ul>		

Executives have responsibility for the efficient and effective implementation and delivery of the ground-rules, policies, strategies and financial objectives, as set by the Board.

**The following matters are expressly reserved for the Board:**

- overseeing the management of safety, occupational health and environmental matters
- appointment, evaluation, rewarding and, if necessary, removal of the Managing Director
- establishing appropriate levels of delegation to the Managing Director to allow the Managing Director to manage the business efficiently
- review and approval of plans, new investment proposals, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities exceeding the delegated authority of the Managing Director
- monitoring actual performance against planned performance and providing guidance and support to ensure planned performance is achieved
- ensuring that the Group is appropriately positioned to manage significant business risks
- defining the capital structure of the Group (debt to equity levels) and determination of cash reserves to be retained for strategic acquisition purposes
- satisfying itself that the financial reporting of the Group fairly and accurately sets out the financial position and financial performance of the Group
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately
- ensuring that appropriate internal and external audit arrangements are in place and operating effectively
- having a framework in place to help ensure that the Group acts legally and responsibly on all matters consistent with the Code of Conduct
- reporting to shareholders.

**Management's responsibilities:**

Responsibility for the day-to-day operation and administration of the Group is delegated by the Board to the Managing Director.

Under the guidance and direction of the Managing Director, executives are responsible for day-to-day running of their area of responsibility by:

- planning the operation and function of areas over which executives have been assigned responsibility
- organising the resources necessary to accomplish the required outcomes to meet the goals defined by the Board
- ensuring that the plan to achieve the goals is being carried out in such a way that its accomplishment is assured.

<p><b>Recommendation 1.2:</b> A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) Provide Security Holders with all material information that the company has in its possession relevant to a decision on whether to elect or re-elect a director.</p>	<p><b>MRL Corporate Governance Document: Procedures for Selection and Appointment of Directors and Shareholders' Communication Policy.</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Documents available</b></p>	<p>✓ <b>On the Group's website</b></p>
	<p>The Group's Corporate Governance Document "Procedures for Selection and Appointment of Directors" sets out the primary principle for selection and appointment of Directors as being the assessment of the skills and experience of the proposed appointee having regard to those of existing Directors, and any likely changes to the business.</p> <p>Candidates are assessed on the following basis:</p> <ul style="list-style-type: none"> <li>• competencies and qualifications</li> <li>• the candidates' particular skills and experience and the contribution these will make towards development and execution of business strategy</li> <li>• contribution to the overall balance of the composition of the Board</li> <li>• time availability and other roles that may mitigate the capacity to add value to the Group</li> <li>• depth of understanding of the role of and legal obligations of a Director.</li> </ul> <p>The Group's Corporate Governance Document "Shareholders' Communication Policy" sets out the responsibilities and processes for communication with Shareholders. The Company Secretary is tasked with responsibility for ensuring that Notices of Meetings to Shareholders provide all information relevant to shareholders to assist with the decisions to be made at the meeting. In the case of Board candidates standing for re-election, this would include all material information the Group has in its possession relevant to re-election of the Director.</p>			
<p><b>Recommendation 1.3:</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p><b>MRL Corporate Governance Document: Service Agreements</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>	<p>✓ <b>Directors' Report</b></p>
	<p>Each director and executive defined as Key Management Personnel (KMP) have a written agreement outlining the terms of their appointment. Key details are included in the Group's Annual Report.</p>			

<p><b>Recommendation 1.4:</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on matters to do with the proper functioning of the board.</p>	<b>MRL Corporate Governance Document: Board Charter</b>			
	<b>Compliant with ASX Recommendations</b>	✓	<b>Document available</b>	✓ <b>On the Group's website</b>
	<p>The Board Charter confirms that the Company Secretary is accountable directly to the Board, through the Chairman, on matters to do with the proper functioning of the Board.</p> <p><b>The role of the Company Secretary</b></p> <p>The Company Secretary is accountable to the Board through the Chairman to manage the proper functioning of the Board and its Committees. The Company Secretary is also responsible for providing advice and support to the Board on governance related matters. The appointment and removal of the Company Secretary is a responsibility of the Board. All Directors have a right of access to information and advice, facilitated through the Company Secretary.</p>			
<p><b>Recommendation 1.5:</b> A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose the policy or a summary of it; and</p> <p>(c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee or 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,</p>	<b>MRL Corporate Governance Document: Equal Employment Opportunity and Diversity Policy</b>			
	<b>Compliant with ASX Recommendations</b>	✓	<b>Document available</b>	✓ <b>On the Group's website</b>
	<p>The Group's Equal Employment Opportunity (EEO) Policy provides for diversity of employment opportunities within the Group.</p> <p>The Group has determined a target for gender diversity. Taking account of industry norms, the Group's target for the percentage of female to male employees is 20%. As at 30 June 2017, 13.4% (30 June 2016: 13.0%) of Group employees were female and three (30 June 2016: one) are in senior executive positions.</p> <p>There are currently no females serving on the Board. The Board currently (14 August 2017) is actively recruiting for a female member of the Board with the requisite qualifications and experience matching the skill requirements for an additional director.</p> <p>The Group is committed to creating a working environment that values and utilises the contribution of its employees from diverse backgrounds and experience. The Equal Employment Opportunity (EEO) Policy is a commitment by the Company to create a workplace that is fair and inclusive, applies fair and equitable employment practices and provides a working environment that will allow all employees to reach their full potential.</p>			

<p>in senior executive positions and across the whole organisation (including how the entity as defined “senior executive” for these purposes); or</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	<p>It is the intention of the Group that all matters related to employment and career development will be free from discriminatory practices by ensuring that selection for jobs and career progression will be determined by personal merit, competency, qualifications and ability to effectively perform the role. The Group will not treat any person less favourably than another on the basis of:</p> <ul style="list-style-type: none"> <li>• gender</li> <li>• marital Status</li> <li>• sexual orientation</li> <li>• age</li> <li>• race/cultural background</li> <li>• religious or political opinions</li> <li>• family responsibilities</li> <li>• disability.</li> </ul> <p>This policy applies to all Group employees and contractors. Each person has an obligation to support and respect equality, workplace diversity and ethical practices in their workplace. The following legislative requirements are considered in conjunction with this policy:</p> <ul style="list-style-type: none"> <li>• Fair Work Act 2009</li> <li>• Anti-Discrimination Act 1998</li> <li>• Equal Employment Opportunity Act 1984</li> <li>• Sex Discrimination Act 1984</li> <li>• Racial Discrimination Act 1975</li> <li>• Human Rights and Equal Opportunity Act 1986</li> <li>• Disability Discrimination Act 1992.</li> </ul>
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<p><b>Recommendation 1.6:</b> 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><b>MRL Corporate Governance Document: Nominations Committee Charter</b></p>		
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>
<p>The Board has in place a process for evaluating the performance of Directors and executives.</p> <p><b>Managing Director</b> The Board reviews the performance of the Managing Director on an annual basis. The Board and the Managing Director agree a set of specific performance measures to be used in the review of the forthcoming year.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>• financial measures of the Group's performance</li> <li>• achievement of key operational goals and strategic objectives</li> <li>• development of management and staff</li> <li>• compliance with legal and Group policy requirements</li> <li>• achievement of other key performance indicators.</li> </ul> <p><b>Executives</b> The Managing Director is responsible for assessing the performance of executives, using the same system and process outlined for the Managing Director above. In turn, each executive applies a similar process, which is cascaded down throughout the Group, to ultimately ensure that all employees' performance and development is appropriately assessed and managed. This assessment covers personal performance against a collection of agreed KPI's, adherence to the "MRL Truths and Behaviours" and an individual's personal effectiveness.</p> <p><b>Board and Board Committees</b> A formal evaluation of the performance of the Board, Audit Committee, Remunerations Committee, and Nominations Committee was undertaken in May 2017 by the Chairman.</p> <p>The annual review included consideration of the following measures:</p> <ul style="list-style-type: none"> <li>• comparison of the performance of the Board and each Committees against the requirements of their respective Charters</li> <li>• assessment of the performance of the Board and Committees over the previous twelve months having regard to corporate strategies, operating plans and the annual budget</li> <li>• review of the Board and respective Committees' interaction with management</li> <li>• identification of any particular goals and objectives of the Board and Committees for the next year</li> <li>• review of the type and timing of information provided to the Directors, and</li> <li>• identification of any necessary or desirable improvements to Board or Committee Charters.</li> </ul>			

<p><b>Recommendation 1.7:</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of 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><b>MRL Corporate Governance Document: Nominations Committee Charter</b></p>		
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>
<p>The Nominations Committee is responsible for evaluating the performance of the Managing Director and executives.</p> <p>The Managing Director and executives have formal job descriptions and letters of appointment describing their term in office, duties, rights and responsibilities, and entitlements on termination.</p> <p><b>Managing Director</b> The Board reviews the performance of the Managing Director on an annual basis, and has done so during the 2017 Financial Year. The Board and the Managing Director have agreed a set of specific performance measures to be used in the review of the 2017 Financial Year, which include:</p> <ul style="list-style-type: none"> <li>• financial measures of the Group’s performance</li> <li>• achievement of key operational goals and strategic objectives</li> <li>• development of Senior Managers and MRL employees</li> <li>• compliance with legal and Company policy requirements</li> <li>• achievement of other key performance indicators.</li> </ul> <p><b>Executives</b> The Managing Director is responsible for assessing the performance of executives, using the same process outlined for the Managing Director above. In turn, executives apply a similar process, which is cascaded down throughout the Group, to ultimately ensure that all employees’ performance and development is appropriately assessed and managed.</p>			



**Principle 2 – Structure the Board to add value**

<p><b>Recommendation 2.1:</b> The board of a listed entity should:</p> <p>(a) have a nominations committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <p>(b) if it does not have a nominations committee, disclose that fact and the process it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><b>MRL Corporate Governance Document: Nominations Committee Charter</b></p>		
	<p><b>Compliant with ASX Recommendations</b></p>	<p style="text-align: center;">✓</p>	<p><b>Document available</b></p>
<p>The Board has a Nominations Committee.</p> <p><b>Composition:</b> The Committee is comprised of three independent Non-Executive Directors. Kelvin Flynn, an independent Non-Executive Director, is the Committee Chairman. Membership of the Nomination Committee is included in the Directors' Report.</p> <p><b>Roles and responsibilities:</b> The role of the Nominations Committee is to assist and advise the Board in fulfilling its responsibilities to members of the Company on:</p> <ul style="list-style-type: none"> <li>• matters relating to the composition, structure and operation of the Board</li> <li>• matters relating to executives' selection and performance</li> <li>• other matters as required.</li> </ul> <p><b>Nomination Committee objectives:</b> The objectives to the Committee include:</p> <ul style="list-style-type: none"> <li>• providing assurance that the Board has the effective composition, size and commitment to adequately discharge its responsibilities and duties</li> <li>• conducting searches for new Board members and recommending preferred candidates to the Board</li> <li>• assessing the extent to which the necessary and desirable competencies are represented on the Board</li> <li>• recommending required Board competencies, number and profiles of Board members</li> <li>• ensuring that Board succession plans are in place to maintain the required competencies, number and profiles of Board members</li> <li>• reviewing nominations received from members who wish to be appointed to the Board in accordance with preferred criteria/identified weaknesses</li> <li>• continually monitoring Board membership and structure to ensure that there is appropriate representation on the Board from across the membership</li> <li>• maintaining a process for evaluating performance of the Board</li> <li>• conducting searches for the Managing Director and executives and recommending preferred candidates to the Board</li> <li>• ensuring that succession plans are in place</li> </ul>			

- evaluating the performance of the Managing Director and executives.

**2017 Financial Year Nominations Committee Meetings:**

The number of meetings and attendance at each meeting is disclosed in the Directors' Report section of the Group's Annual Financial Statements and Annual Report, which is available on the Group's website.

**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.

**MRL Corporate Governance Document: Board Skills Matrix – set out below**

**Compliant with ASX Recommendations**



**Document available**

**✓ Refer below**

The Board's Skills Matrix is set out below:

	Accounting	Finance	Audit	Operations	Governance	Human Resources	IT	Legal	Management	OH&S	Risk	Leadership	Strategy
Peter Wade		■		■	■	■		■	■	■	■	■	■
Chris Ellison				■	■	■			■	■	■	■	■
Kelvin Flynn	■	■	■		■	■	■	■	■	■	■	■	■
James McClements	■	■	■		■	■	■	■	■	■	■	■	■
Tim Roberts <sup>1</sup>		■		■	■	■	■	■	■	■	■	■	■

<sup>1</sup> Appointed 17 November 2016

■ Board member experience

**Recommendation 2.3:**

A listed entity should disclose:

**MRL Corporate Governance Document: Directors' Report**

**Compliant with ASX Recommendations**



**Document available**

**✓ Directors' Report section of the Group's Annual Financial**

<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 [of the ASX Corporate Governance Council's 2014 Corporate Governance Principles and Recommendations] but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, 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><b>Statements and Annual Report, which is available on the Group's website</b></p>
<p><b>Recommendation 2.4:</b> A majority of the board of a listed entity should be independent directors.</p>	<p><b>MRL Corporate Governance Document: Directors' Report</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>	<p>✓ <b>Directors' Report section of the Group's Annual Financial Statements and Annual Report, which is available on the Group's website</b></p>
	<p>Three of the Group's five Directors are considered to be independent, being Kelvin Flynn, James McClements and Tim Roberts. Chris Ellison is not considered to be independent due to his position as Managing Director. Peter Wade is not considered independent due to his previous role as Managing Director and Executive Chairman, a position he relinquished in November 2013.</p> <p>James McClements, Kelvin Flynn and Tim Roberts satisfy the tests of the Recommendations and are considered independent. None of the directors are associated with the Group's suppliers or customers.</p> <p>The overall composition of the Board is considered by Directors to be the most appropriate structure, created after due consideration of the strategy of the Company, to effectively discharge the duties imposed by law, and adds value in a way that is appropriate to the Group's circumstances. Each Director has the right to seek</p>			

	independent professional advice on matters relating to their position as a Director of the Company at the Company's expense.			
<p><b>Recommendation 2.5:</b> 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>	<b>MRL Corporate Governance Document: Directors' Report</b>			
	<b>Compliant with ASX Recommendations</b>	<b>X</b>	<b>Document available</b>	<b>✓ Directors' Report section of the Group's Annual Financial Statements and Annual Report, which is available on the Group's website</b>
	<p>The Chairman of the Company, Peter Wade, is not considered to be independent, as until November 2013, Peter held the dual roles of Executive Chairman and Managing Director of the Company. In November 2013 Chris Ellison was appointed to the role of Managing Director and Peter was appointed as the Non-executive Chairman. The Board continues to consider Peter Wade the best person to lead the Board, drawing on his experience and proven leadership role within the Group and his broad experience in business over the last 45 years.</p> <p>James McClements has been appointed as the Lead Independent Non-executive director to ensure that the best practice governance structure is in place for the Company.</p>			
<p><b>Recommendation 2.6:</b> A listed entity should have a program for inducting new director and provide appropriate professional development opportunities for director to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<b>MRL Corporate Governance Document: Nominations Committee Charter</b>			
	<b>Compliant with ASX Recommendations</b>	<b>✓</b>	<b>Document available</b>	<b>✓ On Group website</b>
	<p>As part of the process for appointing new Directors to the Board, a new Director receives an induction appropriate to their experience. This ensures new directors are able to participate fully in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Group's operating environment, financial, strategic, operational and risk management positions.</p> <p>The Board regularly reviews the composition, performance and working relationships to ensure that the Board continues to have the mix of skills and experience necessary for the conduct of the Group's activities. Where deficiencies are identified, these are addressed either by seeking new appointments to the Board, or by arranging appropriate professional development for existing Board members.</p>			

<b>Principle 3 – Act ethically and responsibly</b>			
<b>Recommendation 3.1:</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	<b>MRL Corporate Governance Document: Code of Conduct</b>		
	<b>Compliant with ASX Recommendations</b>	✓	<b>Document available</b>
<p>The Group has established a Code of Conduct (Code) which aims to encourage appropriate standards of conduct and behavior of the Directors, executives, employees and contractors (collectively called Employees) of the Company.</p> <p>Employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.</p> <p>The Code requires Employees to:</p> <ul style="list-style-type: none"> <li>• act honestly, in good faith and in the best interests of the Group</li> <li>• exercise due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment</li> <li>• recognise that their primary responsibility is to the Company’s shareholders as a whole</li> <li>• not take advantage of their position for personal gain, or the gain of their associates</li> <li>• be independent in exercising judgment.</li> </ul> <p>In addition, the Code advises Employees:</p> <ul style="list-style-type: none"> <li>• that confidential information received in the course of the exercise of their duties remains the property of the Group</li> <li>• confidential information can only be released or used with specific permission from the Company, and that</li> <li>• Employees have an obligation to comply with the spirit and principles of the Code.</li> </ul> <p>The Group views breaches of the Code as serious misconduct. Breaches of the code must be reported immediately to line managers or the Company Secretary. Line managers or the Company Secretary have responsibility to report the breach to appropriate executives and to advise Employees of the outcome and actions implemented to address the breach.</p> <p>Anyone, acting in good faith, that reports a breach or a suspected breach, will not be subject to retaliation or recrimination for making that report.</p>			

Any Employee who breaches the policies outlined in the Code may be subject to disciplinary action, including in the case of serious breaches, dismissal. For serious breaches, the Group reserves the right to pursue claims for damages and/or to pass the matter to relevant authorities to pursue charges under the criminal code.

**Principle 4 – Safeguard integrity in financial reporting**

**Recommendation 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 the 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 meeting; 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

**MRL Corporate Governance Document: Audit Committee Charter**

<b>Compliant with ASX Recommendations</b>	✓	<b>Document available</b>	✓ <b>On Group website</b>
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The Audit Committee is a Committee of the Board with the specific powers delegated by the Board. The Committee’s operation is governed by the Audit Committee Charter.

During the 2017 Financial Year, membership of the Audit Committee was as follows:

- Kelvin Flynn, Independent Non-Executive Director (Chair)
- James McClements, Independent Non-Executive Director and
- Tim Roberts, Independent Non-Executive Director (appointed 17 November 2016).

The number of meetings held during FY17, and attendance at each, is listed in the Directors Report section of the Group’s Annual Financial Statements and Annual Report, which is available on the Group’s website.

The primary function of the Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee:

- oversees, co-ordinates and appraises the quality of audits conducted by the Group’s external auditors
- determines the independence and effectiveness of the external auditor
- maintains open lines of communications among the Board and the external auditors to exchange views and information, as well as confirm their respective authority and responsibilities
- serves as an independent and objective party to review financial information submitted by executives to the Board for issue to shareholders, regulatory authorities and the general public, and
- reviews the adequacy of the Group’s reporting and accounting controls.

The Committee is not required to personally conduct accounting reviews or audits, and is entitled to rely on executives and/or professional advisers where appropriate.

<p>the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>				
<p><b>Recommendation 4.2:</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><b>MRL Corporate Governance Document: Audit Committee Charter and Directors' Declaration</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>	<p>✓ <b>On Group's website and in the Directors' Declaration section of the Group's Annual Financial Statements and Annual Report, which is available on the Group's website</b></p>
	<p><b>Audit Committee:</b> The Audit Committee ensures that the Managing Director and Chief Financial Officer prepare a written statement to the Board certifying that the Group's annual and half yearly Financial Reports present a true and fair view, in all material respects, of the financial position of the Group as at the reporting date and its financial performance to the reporting date, and are in accordance with relevant accounting standards.</p> <p>The statement is presented to the Board prior to the approval and sign-off of the respective annual and half yearly Financial Reports. Confirmation is provided by the Managing Director and Chief Financial Officer that the assurance provided to the Board is founded on a sound system of risk management and internal control and that the system is considered to operate effectively in all material respects in relation to reporting financial risk.</p> <p><b>Directors' Declaration:</b> The Directors' Declaration, included in this Financial Report, confirm that the Managing Director and Chief Financial Officer have provided the declarations required by section 295A of the Corporations Act 2001 with regard to this financial period.</p>			
<p><b>Recommendation 4.3:</b> 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.</p>	<p><b>MRL Corporate Governance Document: Shareholders Communication Policy</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>	<p>✓ <b>On Group's website</b></p>
	<p>It is both the Group's policy and the policy of the Group's auditor for the lead engagement partner to be present at the Annual General Meeting (AGM) and to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report.</p>			

	To assist with this process, shareholders are encouraged to provide relevant questions at least five business days prior to the AGM to allow the external auditors adequate time to give consideration, and prepare responses to, shareholder questions.
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**Principle 5 – Make timely and balanced disclosure**

<b>Recommendation 5.1:</b> A listed entity should:	<b>MRL Corporate Governance Document: Continuous Disclosure Policy</b>			
	<b>Compliant with ASX Recommendations</b>	✓	<b>Document available</b>	✓ <b>On Company website</b>
(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.	<p>The Group has a Continuous Disclosure Policy which demonstrates its commitment to:</p> <ul style="list-style-type: none"> <li>• complying with the general and continuous disclosure principles contained in the Corporations Act and the ASX Listing rules</li> <li>• preventing selective or inadvertent disclosure of material price sensitive information</li> <li>• ensuring shareholders and the market are provided with full and timely information about the Group's activities</li> <li>• ensuring that all market participants have equal opportunity to receive externally available information issued by the Group.</li> </ul> <p><b>Disclosure officers</b> The Managing Director, Chief Financial Officer / Company Secretary have been appointed as the Group's Disclosure Officers responsible for implementing and administering this policy. Disclosure Officers are responsible for all communication with ASX and the Managing Director is responsible for making decisions on what should be disclosed publicly under this policy.</p> <p>In the absence of the Managing Director, Chief Financial Officer / Company Secretary, any matters regarding disclosure issues are to be referred to the Chairman.</p> <p><b>Material information</b> In accordance with the ASX Listing Rules, the Group must immediately notify the market (via an announcement to the ASX) once it becomes aware of any information concerning the Group which a reasonable person would expect to have a material effect on the price or value of the Company's securities. ASX announcements are placed on the Investors and Media section of the Group website as soon as practicable after the ASX confirms receipt of that information.</p>			



	<p>The Group is also required to disclose information, if asked to do so by the ASX, to correct or prevent a false market.</p> <p>The Group is aware of the Corporations Act's requirements that it is deemed to have become aware of information where a Director or Senior Manager has, or ought to have, come into possession of the information in the course of the performance of his duties as a Director or Senior Manager; and that the Corporations Act defines a material effect on price or value as being where a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the securities.</p>
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**Principle 6 – Respect the rights of security holders**

<p><b>Recommendation 6.1:</b> A listed entity should provide information about itself and its governance to investors via its website.</p>	<p><b>MRL Corporate Governance Document: Continuous Disclosure Policy and Shareholders Communication Policy</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Documents available</b></p>	<p>✓ <b>On Group's website</b></p>
	<p>The Disclosure Officers (refer Recommendation 5.1 above) ensure that relevant information about the Group is disclosed via the Group website on an ongoing basis, in compliance with the Group's Continuous Disclosure Policy and Shareholders Communication Policy.</p> <p>The Group's website features a discrete section (Investors and Media) for shareholders and investors to ensure that information can be accessed by interested parties. Such information includes:</p> <ul style="list-style-type: none"> <li>• annual reports and results announcements</li> <li>• all Company announcements made to the ASX</li> <li>• speeches and support material given at investor conferences or presentations</li> <li>• Group profile and Group contact details, and</li> <li>• all written information provided to investors or stockbroking analysts.</li> </ul> <p>Announcements lodged with the ASX are placed on the Group's website as soon as practicable after the ASX confirms receipt of that information.</p> <p>The Group believes that communicating with shareholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner.</p>			

	<p>The Group’s website includes the following pages, which contain information relevant to shareholders:</p> <ul style="list-style-type: none"> <li>• a <i>Corporate Governance</i> section on the Company’s corporate governance policies and practices</li> <li>• <i>Annual Reports</i> section, which contains copies of MRL’s Annual Reports, dating back to listing in 2006</li> <li>• <i>Investors and Media</i> section that contains links to Annual Reports, all ASX releases (including Half Yearly and Quarterly Reports), Presentations, Corporate Directory and Corporate Governance Policies</li> <li>• <i>News</i> section, containing sections on newsletters, media clippings and other relevant presentations.</li> </ul> <p>All website information is continuously reviewed and updated to ensure that information is current, or appropriately dated and archived.</p> <p>The Group places the full text of notices of shareholder meetings and explanatory material on the website.</p>			
<p><b>Recommendation 6.2:</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p><b>MRL Corporate Governance Document: Shareholders Communication Policy</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>	<p>✓ <b>On Company website</b></p>
	<p>The Group recognises the value of providing current and relevant information to its shareholders.</p> <p>The Chief Financial Officer / Company Secretary has the primary responsibility for communication with shareholders.</p> <p>Information is communicated to shareholders through:</p> <ul style="list-style-type: none"> <li>• continuous disclosure to the ASX of all material information</li> <li>• periodic disclosure through the Annual Financial Report, Annual Report, Half Year Financial Report and quarterly reporting of exploration, production and corporate activities</li> <li>• notices of meetings and explanatory material</li> <li>• the Annual General Meeting</li> <li>• periodic newsletters or letters from the Chairman or Managing Director, and</li> <li>• the Group’s website.</li> </ul> <p>The Group’s website contains a “Contact” section that enables questions relating to the Group to be lodged with the Group. Requests and responses are tracked to ensure appropriate consideration is provided to all queries and communications with the Group.</p>			
<p><b>Recommendation 6.3:</b></p>	<p><b>MRL Corporate Governance Document: Shareholders Communication Policy</b></p>			

<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Document available</b></p>	<p>✓ <b>On Group website</b></p>
<p>The Shareholders Communication Policy provides for the following with regard to shareholder meetings:</p> <ul style="list-style-type: none"> <li>• notices of meetings are distributed to shareholders in accordance with the provisions of the Corporations Act</li> <li>• notices of meeting and other meeting material are drafted in concise and clear language</li> <li>• shareholders are encouraged to use their attendance at meetings to ask questions on any relevant matter, with time being specifically set aside for shareholder questions</li> <li>• notices of meetings encourage participation in voting on proposed resolutions by lodgement of proxies, if shareholders are unable to attend the meeting</li> <li>• it is general practice for a presentation on the Company's activities to be made to shareholders at each AGM, and</li> <li>• as noted at Recommendation 4.3 above, it is both the Group's policy and the policy of the Group's auditor for the lead engagement partner to be present at the AGM to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report.</li> </ul>				
<p><b>Recommendation 6.4:</b> 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>	<p><b>MRL Corporate Governance Document: Shareholders Communication Policy</b></p>			
<p><b>Compliant with ASX Recommendations</b>      ✓      <b>Document available</b>      ✓ <b>On Group's website</b></p>				
<p>As noted at Recommendation 6.1 above, the Group's website contains a "Contact" section that enables questions relating to the Group to be lodged with the Company. Responses are tracked to ensure appropriate consideration is provided to all queries and communication with the Group.</p> <p>Likewise, the Contacts section of the Group's website contains the contact details of the Group's Share Registry (Computershare) and a hyperlink to Computershare's website. Via this link, shareholders are able to lodge queries related to the share registry on Computershare's website.</p>				

## Principle 7 – Recognise and manage risk

### Recommendation 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 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.

### MRL Corporate Governance Documents:

- Risk Management and Internal Compliance and Control,
- Audit Committee Charter,
- Nominations Committee Charter,
- Code of Conduct.

**Compliant with ASX Recommendations**

✓

**Documents available**

✓ **On Group website**

### Executive's responsibility:

Primary responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the executives by the Managing Director. The Managing Director is required by the Board to report on the efficiency and effectiveness of the risk management system. The Board discusses risk management issues with the Managing Director and executives on an ongoing basis.

Executives have standing instructions from the Managing Director to apprise the Board of changing circumstances within the Company and within the business environment.

In addition to the above, the Group's Governance framework provides the following controls:

### Via the Audit Committee:

The Audit Committee addresses risk within the Group via:

- overseeing, co-ordinating and appraising the quality of audits conducted by both the Group's external auditors and the internal audit review process (refer Recommendation 7.2 below)
- determining the independence and effectiveness of the external auditors and the internal audit process
- maintaining open lines of communications among the Board and external auditors to exchange views and information, as well as confirm the external auditors' authority and responsibilities
- serving as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public, and
- reviewing the adequacy of the reporting and accounting controls of the Company.

	<p><b>The Nominations Committee addresses risk by:</b></p> <ul style="list-style-type: none"> <li>• providing assurance that the Board has the effective composition, size and commitment to adequately discharge its responsibilities and duties</li> <li>• assessing the extent to which the necessary and desirable competencies are represented on the Board</li> <li>• recommend required Board competencies, number and profiles of Board members</li> <li>• ensuring that Board succession plans are in place to maintain the required competencies, number and profiles of Board members</li> <li>• evaluating the performance of the Board and executives.</li> </ul> <p><b>The Company's Code of Conduct addresses risk by:</b></p> <ul style="list-style-type: none"> <li>• requiring Directors, and Employees of the Company to act honestly, in good faith and in the best interests of the Company, as detailed under Recommendation 3.1 above.</li> </ul>						
<p><b>Recommendation 7.2:</b> 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><b>MRL Corporate Governance Documents:</b></p> <ul style="list-style-type: none"> <li>• <b>Audit Committee Charter,</b></li> <li>• <b>Risk Management and Internal Compliance and Control.</b></li> </ul> <table border="1" data-bbox="734 807 2172 874"> <tr> <td data-bbox="734 807 1111 874"><b>Compliant with ASX Recommendations</b></td> <td data-bbox="1111 807 1417 874" style="text-align: center;">✓</td> <td data-bbox="1417 807 1715 874"><b>Documents available</b></td> <td data-bbox="1715 807 2172 874" style="text-align: center;">✓ <b>On Group website</b></td> </tr> </table> <p>In addition to its primary function to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Company, the Audit Committee reviews the adequacy of the Group's reporting and accounting controls.</p> <p>As noted at Recommendation 7.1 above, primary responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to executives. Executives are required by the Board to report back on the efficiency and effectiveness of risk management within their areas of responsibility. The Board discuss risk management issues with executives on an ongoing basis, and executives have standing instructions from the Board to apprise the Board of changing circumstances within the Group and within the international business environment.</p>			<b>Compliant with ASX Recommendations</b>	✓	<b>Documents available</b>	✓ <b>On Group website</b>
<b>Compliant with ASX Recommendations</b>	✓	<b>Documents available</b>	✓ <b>On Group website</b>				

<p><b>Recommendation 7.3:</b> A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</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>	<p><b>MRL Corporate Governance Documents:</b></p> <ul style="list-style-type: none"> <li>• <b>Audit Committee Charter,</b></li> <li>• <b>Code of Conduct,</b></li> <li>• <b>Risk Management and Internal Compliance and Control.</b></li> </ul>		
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Documents available</b></p>
<p>The Company does not currently have a formal internal audit function.</p> <p>Procedures for continually improving both risk management and internal control processes are managed by the Group as follows:</p> <p><b>Via the Risk Management and Internal Compliance and Control Procedure, which:</b></p> <ul style="list-style-type: none"> <li>• Assigns primary responsibility for undertaking and assessing risk management and internal control effectiveness to executives</li> <li>• Requires executives, as tasked by the Board, to report back to the Board on the efficiency and effectiveness of risk management within their areas of responsibility</li> <li>• Requires the Board to discuss risk management issues with executives on an ongoing basis.</li> </ul> <p><b>Via the Audit Committee, which:</b></p> <ul style="list-style-type: none"> <li>• assists the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Group</li> <li>• oversees, co-ordinates and appraises the quality of audits conducted by the Group's external auditors, which includes reports from the auditors on, and Management's response to, control weaknesses observed during the external audit process</li> <li>• ensures the Managing Director and Chief Financial Officer provide the Board with the declaration required by s295A of the Corporations Act – i.e. that a sound system of risk management and internal control is in place and operating effectively in material respects in relation to financial reporting risks;</li> <li>• maintains open lines of communications among the Board and the external auditors to exchange views and information, and</li> <li>• reviews, through formal enquiry, the adequacy of the reporting and accounting controls of the Group.</li> </ul> <p><b>Via Independent Expert Reports:</b></p> <ul style="list-style-type: none"> <li>• Where an item has a material impact on the accuracy and reliability of financial performance to, and financial position as at, a period end (e.g. resource stockpiles) independent experts are commissioned to assess quantities included in carrying value calculations. Variances are thoroughly investigated and where deficiencies are identified, appropriate amendments made to measuring processes/systems.</li> </ul>			

	<ul style="list-style-type: none"> <li>Risks associated with IT system changes are managed by ensuring independent experts are commissioned to review change processes and to provide a report to executives on the adequacy and efficacy of internal controls inherent in the new systems, as well as to verify that all risks associated with transition from previous to new systems have been appropriately managed.</li> </ul> <p><b>Via Risk Surveyor Reports:</b></p> <ul style="list-style-type: none"> <li>The Group arranges major property insurance based risk management audits through its insurance brokers on at least an annual basis. These comprehensive risk reviews are conducted by independent risk management companies, who provide a report to executives on the adequacy of property insurance and associated control risks, for major property and processes within the Group’s supply chain. Issues identified are logged and followed up by periodic updates on corrective actions to the Chief Operating Officer and Chief Financial Officer, until both sign off that they are satisfied that any weaknesses in process controls and/or operating systems have been adequately remediated.</li> </ul> <p>The Board is satisfied that the processes summarised above achieve the objective of ensuring the effectiveness of the Group’s risk management and internal control processes are continually monitored and improved.</p>						
<p><b>Recommendation 7.4:</b> 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.</p>	<p><b>MRL Corporate Governance Documents:</b></p> <ul style="list-style-type: none"> <li><b>Risk Management and Internal Compliance and Control,</b></li> <li><b>This Report.</b></li> </ul> <table border="1" data-bbox="725 938 2181 1008"> <tr> <td data-bbox="725 938 1111 1008"><b>Compliant with ASX Recommendations</b></td> <td data-bbox="1111 938 1415 1008" style="text-align: center;">✓</td> <td data-bbox="1415 938 1715 1008"><b>Documents available</b></td> <td data-bbox="1715 938 2181 1008" style="text-align: center;">✓ <b>On Group website</b></td> </tr> </table> <p><b>The Risk Management and Internal Compliance and Control Procedure:</b></p> <ul style="list-style-type: none"> <li>assigns primary responsibility for undertaking and assessing risk management and internal control effectiveness to the executives</li> <li>Requires executives, as tasked by the Board, to report back to the Board on the efficiency and effectiveness of risk management within their areas of responsibility, and</li> <li>requires the Board to discuss risk management issues with executives on an ongoing basis.</li> </ul> <p>Any unmitigated risk issues identified by executives, and reported to the Board, are disclosed within the Directors’ Report section of the Group’s Annual Financial Statements and Annual Report, which is available on the Group’s website.</p>			<b>Compliant with ASX Recommendations</b>	✓	<b>Documents available</b>	✓ <b>On Group website</b>
<b>Compliant with ASX Recommendations</b>	✓	<b>Documents available</b>	✓ <b>On Group website</b>				

**Principle 8 – Remunerate fairly and responsibly**

**Recommendation 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 remunerations 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.

**MRL Corporate Governance Documents: Remuneration Committee Charter**

<b>Compliant with ASX Recommendations</b>	✓	<b>Documents available</b>	✓ <b>On Group website</b>
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The Board has established a Remuneration Committee. Composition of the Committee comprises at least three Directors, the majority of whom are Non-Executive Directors, one of whom is appointed the Committee Chairman.

During FY17, membership of the Remuneration Committee was as follows:

- Kelvin Flynn, Independent Non-Executive Director (Chair)
- James McClements, Independent Non-Executive Director
- Tim Roberts, Independent Non-Executive Director (appointed 17 November 2016).

The Committee Charter is available on MRL website.

**FY17 Remuneration Committee Meetings:**

The number of meetings and attendance at each meeting is disclosed in the Directors' Report section of the Group's Annual Financial Statements and Annual Report, which is available on the Group's website.



<p><b>Recommendation 8.2:</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and other senior executives.</p>	<p><b>MRL Corporate Governance Documents: Remuneration Report – included in the Directors’ Report section of the Group’s Annual Financial Statements and Annual Report, which is available on the Group’s website</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Documents available</b></p>	<p>✓ <b>Via Directors’ Report section of the Group’s Annual Financial Statements and Annual Report, which is available on the Group’s website on the Group website</b></p>
<p><b>Recommendation 8.3:</b> 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 limits the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.</p>	<p><b>MRL Corporate Governance Documents: Remuneration Report – included in the Directors’ Report section of the Group’s Annual Financial Statements and Annual Report, which is available on the Group’s website</b></p>			
	<p><b>Compliant with ASX Recommendations</b></p>	<p>✓</p>	<p><b>Documents available</b></p>	<p>✓ <b>Via Directors’ Report section of the Group’s Annual Financial Statements and Annual Report, which is available on the Group’s website</b></p>
	<p>The Company has a LTI plan which entitles participants to equity based remuneration, provided minimum thresholds are achieved.</p> <p>Details and entitlements under the LTI are included in the Remuneration Report section of the Annual Financial Statements and Annual Report (available on the Group’s website) and is audited by external auditors.</p> <p>LTI participants who are awarded equity based remuneration via the scheme are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>			