



**MC MINING LIMITED (MCM or the Company)
CORPORATE GOVERNANCE STATEMENT**

May 2018

WEB WWW.MCMINING.CO.ZA

EMAIL ADMINZA@MCMINING.CO.ZA

AU Suite 8, 7 The Esplanade, Mount Pleasant, Perth WA 6153, Australia **Tel** +61 8 9316 9100 **Fax** +61 8 9316 5475
ZA South Block, Summercon Office Park, Corner Rockery Lane and Sunset Avenue Lonehill, 2191, South Africa **Tel** +27 10 003 8000 **Fax** +27 11 388 8333

Chairman Bernard R. Pryor **Chief Executive Officer** David H. Brown **Chief Financial Officer** Brenda Berlin

Non-executive directors Peter G. Cordin, Andrew D. Mifflin, Khomotso B. Mosehla, Thabo F. Mosololi, Shangren Ding, An Chee Sin, Brian He Zhen

The Board of Directors of MCM is responsible for the establishment of a corporate governance framework that has regard to the best practice recommendations set by the ASX Corporate Governance Council.

This statement summarises the corporate governance practices that have been adopted by the Board. In addition to the information contained in this statement, the Company's website at www.mcmining.co.za contains additional details of its corporate governance procedures and practices.

The Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) (ASX Principles) where the Board has considered the recommendations to be an appropriate benchmark for its corporate governance principles. Where the Company considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this statement.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

ASX PRINCIPLES RECOMMENDATION 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 established a Board Charter which sets out functions reserved to the Board and those delegated to senior executives. This Charter is available on the Company's website.

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

The key responsibilities of the Board include:

- Overseeing the Company, including its control and accountability systems
- Appointing the Chief Executive Officer (**CEO**), or equivalent, for a period and on terms as the Directors see fit and, where appropriate, removing the CEO, or equivalent
- Ratifying the appointment and, where appropriate, the removal of senior executives, including the Chief Financial Officer (**CFO**) and the Company Secretary
- Ensuring the Company's policy and procedure for selection and (re)appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter
- Approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance

- Satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system
- Assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate
- Monitoring, reviewing and challenging senior management's performance and implementation of strategy
- Ensuring appropriate resources are available to senior management
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Monitoring the financial performance of the Company
- Ensuring the integrity of the Company's financial (with the assistance of the Audit and Risk Committee) and other reporting through approval and monitoring
- Providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company
- Appointing the external auditor (where applicable, based on recommendations of the Audit and Risk Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next Annual General Meeting (**AGM**) of the Company
- Engaging with the Company's external auditors and Audit and Risk Committee
- Monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety
- Making regular assessments of whether each Non-executive director is independent in accordance with the Company's policy on assessing the independence of directors
- The Board has delegated responsibilities and authorities to management to enable them to conduct the Company's day-to-day activities.

Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

The Board has established three standing Committees to assist it to meet its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee
- Safety, Health and Environment Committee

Each standing Committee has a formal Charter approved by the Board setting out the matters relevant to composition, terms of reference, process and administration of that Committee. These Committees are described in further detail elsewhere in this Corporate Governance Statement.

The Board Charter requires the Board to convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

Standing Committee meetings are held as required, generally the day prior to the scheduled board meeting. The Chairman sets the agenda for each meeting in conjunction with the CEO and Company Secretary. Any Director may request additional matters on the agenda. Members of senior management attend meetings of the Board and its Committees by invitation and are available for questioning by Directors.

ASX PRINCIPLES RECOMMENDATION 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 Company performs checks on all potential Directors which include checks on a person's character, experience, education, criminal record and bankruptcy history. Potential Directors are required to provide their consent for the Company to conduct any background or other checks and also acknowledge that they will have sufficient time available to fulfil their responsibilities as a Director of the Company.

Newly appointed Directors must stand for reappointment at the next AGM of the Company. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details regarding their length of tenure, relevant skills and experience.

ASX PRINCIPLES RECOMMENDATION 1.3

A listed entity should:

- a) have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has written agreements in place with each Director in the form of an appointment letter. The letter, among other matters, summarises the terms of appointment including remuneration, the requirements to comply with key corporate policies including the Code of Conduct and Share Trading Policy and indemnity and insurance arrangements.

All senior executives including the CEO and the CFO have their position descriptions, roles and responsibilities set out in writing in an employment contract.

ASX PRINCIPLES RECOMMENDATION 1.4

The company secretary of a listed entity should:

- a) be accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board; and
- b) the company secretary has an important role in supporting the effectiveness of the board and its committees.

The role of MCM's Company Secretary includes:

- Advising the Board and its committees on governance matters

- Monitoring that Board and committee policy and procedures are followed
- Ensuring that the business at Board and committee meetings is accurately reflected in the minutes

All Directors have direct access to the Company Secretary and vice versa. The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

ASX PRINCIPLES RECOMMENDATION 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 the policy or a summary of it; and
- c) disclose 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; 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 Company is committed to developing a diverse workforce and providing a work environment in which all employees are treated fairly and with respect. To this end, the Company has in place an Employment Equity Policy which details its commitment to being an equal opportunity employer and is in line with the South African Mining Charter and Employment Equity legislation in South Africa. A copy of the Employment Equity Policy and the Diversity Policy are available on the Company's website.

The Mining Charter requires that a company establish measurable objectives for achieving gender diversity and assess such objectives and progress toward achieving them. The targets set for MCM include 10% female representation in core mining positions. Employment equity targets as these relate to designated groups (one of which is women) are included as part of the business key performance areas which are included in all management performance contracts.

The Company is not considered a relevant employer under the Australian Workplace Gender Equality Act as the number of employees in Australia is below the threshold.

ASX PRINCIPLES RECOMMENDATION 1.6

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of its 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 Board reviews its performance and the performance of individual Directors annually. The most recent review, which was conducted during the year, involved the completion of a detailed questionnaire by each Director. The process was managed by the Company Secretary and the Chairman and the results of the review were discussed at a subsequent board meeting.

The Board considers its processes for reviewing the performance of the Board appropriate for the size and stage of development of the Company.

ASX PRINCIPLES RECOMMENDATION 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 CEO is responsible for assessing the performance of the key executives within the Company. This is performed at least annually through a formal process involving a formal meeting with each senior executive. A performance evaluation of senior executives was completed in the financial year in accordance with this process.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

ASX PRINCIPLES RECOMMENDATION 2.1

The board of a listed entity should:

- a) have a nomination committee that:
 - 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 the 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 Company has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter has been published on the Company's website.

The Committee's nomination responsibilities include ensuring that the Board has the appropriate blend of Directors with the necessary expertise and relevant industry experience. As such, the Charter requires the Committee to:

- Regularly review the size and composition of the Board, and make recommendations to the Board on any appropriate change

- Identify and assess necessary and desirable Director competences and provide advice on the competency levels of Directors with a view to enhancing the Board
- Make recommendations on the appointment and removal of Directors
- Make recommendations on whether any Directors whose term of office is due to expire should be nominated for re-election
- Regularly review the time required from Non-executive Directors and whether Non-executive Directors are meeting that requirement

ASX PRINCIPLES RECOMMENDATION 2.2

A listed entity should:

- a) have and disclose a board skills matrix setting out the skills and diversity that the board currently has or is looking to achieve in its membership.

The Company's website contains details on the procedures for the selection and appointment of new Directors and the re-election of incumbent Directors, together with the Board's policy for the nomination and appointment of Directors.

The Board has developed a structured process for selection and appointment of new Directors to the Board. As part of this procedure, the Board has committed to:

- The evaluation and identification of the diversity, skills, experience and expertise that will best complement Board effectiveness
- The development of a competencies review process for identifying and assessing Director competencies
- The conduct of a competencies review of the Board before a candidate is recommended for appointment
- The periodic review of the Board's succession plan

The responsibilities of this Committee with respect to remuneration matters are set out elsewhere in this statement.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who

is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

The following Board skills matrix sets out the mix of skills, experience and expertise the Board currently has across its membership:

Competencies	Rating
South African politics	✓
Strategic thinking	✓
Gender	✓
Technical	✓
Financial	✓
Commercial	✓
Mergers and acquisitions	✓
Coal markets	✓
International affairs	✓
Shareholder relations	✓
Project development	✓
Equity markets	✓
Debt markets/banking experience	X
Executive leadership	✓
Listed board experience	✓
Safety, health, environment (SHE) and sustainability	✓

x the board is working to increase these skills

ASX PRINCIPLES RECOMMENDATION 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 that might cause doubts about the independence of that director 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.

ASX PRINCIPLES RECOMMENDATION 2.4

A majority of the board of a listed entity should:

- a) be independent directors.

ASX PRINCIPLES RECOMMENDATION 2.5

The chair of the board of a listed entity should:

a) be an independent director and, in particular; should not be the same person as the CEO of the entity.

The Board currently comprises two Executive Directors and eight Non-executive Directors. Five of the Non-executive Directors are considered to be independent. The Chairman, Bernard Pryor, is one of the independent Directors.

The Board agrees that all Directors should bring an independent judgement to bear in decision making.

The Board has adopted a formal policy on access to independent professional advice which provides that Directors are entitled to seek independent professional advice for the purposes of the proper performance of their duties. The advice is at the Company's expense and advice so obtained is to be made available to all Directors.

A Director's obligations to avoid a conflict of interest are set out in the Code of Conduct, available on the Company's website. Directors must also comply strictly with Corporations Act requirements for the avoidance of conflicts.

The Board considers an independent Director to be a Non-executive Director who meets the criteria for independence set out the ASX Principles. In determining a Director's independence, the Board considers the relationships that may affect independence.

Criteria that the Board takes into account when determining Director independence include:

- Substantial shareholdings in the Company
- Past or current employment in an executive capacity
- Whether or not the Director has been a principal of a material professional adviser or a material consultant to the Company in the past three years
- Material supplier or customer relationships with the Company

- Material contractual relationships or payments for services other than as a Director
- Family ties and cross-directorships

Materiality for these purposes is based on quantitative and qualitative thresholds, set out in the Board Charter available on the Company's website.

The Board has reviewed and considered the positions and associations of each of the Directors in office and consider five of the Directors are independent. Bernard Pryor, Peter Cordin, Khomotso Mosehla, Andrew Mifflin and Thabo Mosololi are considered independent. Executive Directors David Brown and Brenda Berlin and Non-executive Directors Shangren Ding, An Chee Sin and Brian He Zhen are not considered independent.

Non-executive Director, Shangren Ding, is an officer/senior employee of Haohua Energy International (Hong Kong) Resource Co., Ltd, a substantial shareholder in the Company and as such does not meet the Board's criteria for independence. Non-executive Director, Mr Chee Sin is a shareholder nominee Director for Summer Trees Pte LTD, which holds approximately 9% of MC Mining's issued shares, and as such does not meet the Board's criteria for independence. Non-executive Director, Brian He Zhen is a shareholder nominee Director for Yishun Brightrise Investment Pte LTD, which owns approximately 15% of the Company's issued shares, and as such does not meet the Board's criteria for independence.

Directors must retire at the third AGM following their election or most recent re-election. At least one third of Directors must stand for election at each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re-appointment of Directors by rotation is not automatic.

ASX PRINCIPLES RECOMMENDATION 2.6

A listed entity should:

- a) have a programme 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.

As part of the induction process, meetings are arranged with other Board members and key executives prior to a Director's appointment.

All Directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of this integrated report is set out on the Company's website.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly.

ASX PRINCIPLES RECOMMENDATION 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.

CODE OF CONDUCT

The Board encourages appropriate standards of conduct and behaviour from Directors, officers, employees and contractors of the Company. The Board has adopted a Code of Conduct in relation to Directors and employees, available from the Company's website. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety.

SECURITIES TRADING POLICY

The Board has adopted a Securities Trading Policy which regulates dealings by Directors, officers and employees in securities issued by the Company. The policy is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

Under the policy, which is available on the Company's website, Directors, officers and employees of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities (i.e. shares or options) in the Company, or procure another person to do so:

- a) If that Director, officer or employee possesses information that a reasonable person would expect to have a material effect on the price

- or value of the securities if the information was generally available
- b) If the Director, officer or employee knows or ought reasonably to know, that:
- the information is not generally available
 - if it were generally available, it might have a material effect on the price or value of the securities in the Company
- c) Without the written acknowledgement of the Chair

Further, Directors, officers and employees must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

The policy regulates trading by key management personnel within defined closed periods, as well as providing details of trading not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance.

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair.

Executives are also prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

PRIVACY

The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a company the size and nature of MC Mining.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

ASX PRINCIPLES RECOMMENDATION 4.1

The board of a listed entity should:

- a) have an audit committee that:
 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.

AUDIT AND RISK COMMITTEE

The Company has established an Audit and Risk Committee which is comprised of a majority of independent Non-executive Directors.

The role of the Audit and Risk Committee is to:

- Monitor and review the integrity of the financial reporting of the Company, reviewing significant financial reporting judgments
- Review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems
- Monitor, review and oversee the external audit function including matters concerning appointment and remuneration, independence and non-audit services
- Monitor and review compliance with the Company's Code of Conduct
- Perform such other functions as assigned by law, the Company's Constitution, or the Board

The Board has determined that the Audit and Risk Committee should comprise:

- At least three members
- A majority of independent Non-executive Directors
- An independent chair who is not the Chair of the Board

In addition the Audit and Risk Committee should include:

- Members who are financially literate i.e. able to read and understand financial statements
- At least one member with relevant qualifications and experience, i.e. a qualified accountant or other finance professional with experience of financial and accounting matters
- At least one member with an understanding of the industry in which the entity operates
- Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles. Thabo Mosololi is the independent Chair of the Committee.

The Charter is published on the Company's website. The website also contains information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit partners.

ASX PRINCIPLES RECOMMENDATION 4.2

The board of a listed entity should:

- a) before it approves the entity's financial statements for a financial period, receive from the 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.

ASX PRINCIPLES RECOMMENDATION 4.3

A listed entity that has an AGM should:

- a) ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The auditor attends the AGM usually by telephone as the meeting is held in the United Kingdom.

Shareholders are able to ask questions on the conduct of the audit and the preparation and content of the audit report, in accordance with the requirements of the Corporations Act 2001.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Company is committed to ensuring that:

- All investors have equal and timely access to material information concerning the Company - including its financial situation, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way.

ASX PRINCIPLES RECOMMENDATION 5.1

A listed entity should:

- a) should 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 Board has an established Shareholder Communication Policy which is available from the Company's website. The Company has adopted certain procedures to ensure that it complies with its continuous disclosure obligations and has appointed a Responsible Officer who is responsible for ensuring the procedures are complied with.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

ASX PRINCIPLES RECOMMENDATION 6.1

A listed entity should:

- a) provide information about itself and its governance to investors via its website.

ASX PRINCIPLES RECOMMENDATION 6.2

A listed entity should:

- a) design and implement an investor relations programme to facilitate effective two-way communication with investors.

ASX PRINCIPLES RECOMMENDATION 6.3

A listed entity should:

- a) disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

ASX PRINCIPLES RECOMMENDATION 6.4

A listed entity should:

- a) give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.

The Board has established a communications strategy which is available from the Company's website.

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders receive the Company's annual report, and may also request copies of the Company's half-yearly and quarterly reports.

The Company maintains a website at www.mcmining.co.za and makes comprehensive information available on a regular and up-to date basis. The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.

Shareholders are encouraged at annual general meetings to ask questions of Directors and senior management and also the Company's external auditors, who attend the Company's AGMs.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

ASX PRINCIPLES 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;
 - 2. is chaired by an independent director;
 - 3. discloses the charter of the committee;
 - 4. discloses 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) it does not have a risk committee or committee that satisfies (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company has a policy for the oversight and management of material business risks, which is available on the Company's website. The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Implementation of the risk management system and day-to-day management of risk is the responsibility of the CEO, with the assistance of senior management, as required.

The CEO has responsibility for identifying, assessing, monitoring and managing risks. The CEO is also responsible for identifying any material changes to the Company's risk profile and ensuring, with approval of the Board, the risk profile of the Company is updated to reflect any material change.

The CEO is required to report on the progress of, and on all matters associated with, risk management on a regular basis, and at least annually. During the reporting period, the CEO regularly reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Audit and Risk Committee also has responsibility for reviewing the Company's internal financial control system and risk management systems and reporting to the Board. Details of the composition and Charter of the Audit and Risk Committee has been disclosed earlier in this document (refer Principle 4).

In addition, the Board has also established a Safety, Health and Environment Committee to assist the Board in the effective discharge of its responsibilities in relation to SHE issues for MCM, and the oversight of risks relating to these issues. The Committee's responsibilities include to:

- Understand the risks of SHE issues involving MCM's activities;
- Ensure that the systems and processes for identifying, assessing and managing SHE risks of MCM are adequately monitored;
- Regularly review and ensure compliance with the SHE strategies and policies of MCM and the supporting management systems and processes; and
- Monitor developments in relevant SHE-related legislation and regulations and monitor MCM's compliance with relevant legislation, including through audits.

Details of meeting attendance of members of the Audit and Risk Committee for FY2016 are contained in a table earlier in this document (refer Principle 4).

ASX PRINCIPLES RECOMMENDATION 7.2

The board or 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 risk management framework was reviewed by the Committee during the reporting period.

ASX PRINCIPLES RECOMMENDATION 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.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function.

The Board believe that the Company's risk management and internal control systems establish a sufficient control environment to manage business risks.

ASX PRINCIPLES RECOMMENDATION 7.4

A listed entity should disclose:

- a) whether it has any material exposure to economic, environmental and socially sustainable risks and, if it does, how it manages or intends to manage those risks.

The Company is very aware of its impact on the economy, the environment and the community in which it operates, and the risks associated with not dealing with aspects appropriately.

The Company annually reports on these aspects through its Sustainable Development Review in the Integrated (Annual) Report. This report is available on the Company website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

ASX PRINCIPLES RECOMMENDATION 8.1

The board of a listed entity should:

- a) have a remuneration committee that:
 - 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 Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's roles and responsibilities, composition and membership requirements. The Charter is available on the Company's website.

The Committee Charter states that the composition should include a minimum of three members, the majority of whom must be independent, and a Chairman who is an independent Director. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASX Principles.

Details of meeting attendance of members of the Nomination and Remuneration Committee for FY2017 are contained in a table earlier in this document (refer Principle 2).

ASX PRINCIPLES: RECOMMENDATION 8.2

A listed entity should:

- a) separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Charter of the Remuneration Committee details the Company's approach to the structure of executive and Non-executive remuneration.

Executive Directors and key executives are remunerated by way of a salary or consultancy fees, commensurate with their required level of services. Non-executive Directors receive a fixed monthly fee for their services. Total aggregated Non-executive Directors' fees are currently capped at A\$1,000,000 per annum.

The Company does not have any scheme relating to retirement benefits for Non-executive Directors.

The remuneration report contained in the Directors' report contains details of remuneration paid to Directors and key executives during the year.

Disclosure of the Company's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits. The Company intends to meet its transparency obligations in the following manner:

- Publishing a detailed remuneration report in the annual report each year
- Continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those agreements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1
- Presentation of the remuneration report to shareholders for their consideration and nonbinding vote at the Company's AGM
- Taking into account the outcome of the nonbinding shareholder vote when determining future remuneration policy
- Responding to shareholder questions on policy and practice in a frank and open manner

ASX PRINCIPLES: RECOMMENDATION 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. Companies should clearly distinguish the structure of non-executive directors' remuneration from

that of executive directors and senior executives.

The Company has a Performance Rights Plan which was approved by Shareholders at the 2015 AGM. A summary of the plan was included in the Company's 2015 Notice of General Meeting, a copy of which is available on the Company's website.

The Company's Policy for Trading in Company Securities prohibits Directors, officers and employees from entering into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written clearance from the Chairman.

A copy of the Company's Policy for Trading in Company Securities can be found on the Company's website.