

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

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

Name of entity

MAGNETITE MINES LIMITED

ABN

34 108 102 432

Financial year ended:

30 June 2018

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

- These pages of our annual report:
- This URL on our website: <http://magnetitemines.com/corporate/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 28 September 2018 and has been approved by the board.

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

Date: 28 September 2018

Name of Director or Secretary authorising lodgement: Frank DeMarte

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

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

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

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

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

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

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance (Board Charter)	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> http://magnetitemines.com/corporate/corporate-governance OR <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance (Summary of Diversity Policy)</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance (Process for Performance Evaluations)</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> http://magnetitemines.com/corporate/corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance (Summary of Diversity Policy) ... and the information referred to in paragraph (b): <input checked="" type="checkbox"/> http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance (Nomination Committee Charter) ... and the information referred to in paragraphs (4) and (5): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have a nomination committee and the processes we employ 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: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> at http://magnetitemines.com/investor-relations/annual-reports	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement and</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement at http://magnetitemines.com/corporate/corporate-governance</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at http://magnetitemines.com/corporate/corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable</p>

Corporate Governance Statement

Approach to Corporate Governance

Magnetite Mines Limited ABN 34 108 102 432 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.magnetitemines.com, under the section marked "Corporate Governance":

Charters

Board
Audit Committee
Nomination Committee
Remuneration Committee
Risk Committee

Policies and Procedures

Policy and Procedure for the Selection and (Re) Appointment of Directors
Process for Performance Evaluations
Procedure for the Selection, Appointment and Rotation of External Auditor
Shareholder Communication and Investor Relations Policy
Securities Trading Policy
Diversity Policy (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Code of Conduct (summary)
Induction Program

The Company reports below on whether it has followed each of the recommendations during the 2017/2018 financial year (**Reporting Period**). The information in this statement is current at 28 September 2018. This statement was approved by a resolution of the Board on 28 September 2018.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its *Board Charter*, which is disclosed on the Company's website.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors*, which is disclosed on the Company's website.

Corporate Governance Statement

Approach to Corporate Governance (continued)

The Company provided shareholders with all material information in relation to the re-election of Frank DeMarte as a director at its 2017 Annual General Meeting.

Recommendation 1.3

The Company has a written agreement with each director setting out the terms of their appointment. However, the Company did not have a written agreement with its Chief Executive Officer, Gordon Toll in his capacity as an executive of the Company (Mr Toll resigned as both a director and Chief Executive Officer of the Company on 2 September 2018). Nor does the Company have a written agreement with its Company Secretary and Chief Financial Officer, Frank DeMarte in his capacity as an executive of the Company.

Mr Toll commenced as the Company's Chief Executive Officer on 3 November 2014. The Company had intended to enter into a written agreement with its Chief Executive Officer before the end of the Reporting Period. However, due to the continued inability of the Company to provide any cash remuneration to Mr Toll, entry into a written agreement with Mr Toll was deferred. As noted above, Mr Toll has since resigned.

Mr DeMarte re-joined the Company as its Company Secretary and Chief Financial Officer on 22 August 2013, and since that date the Company and Mr DeMarte have not entered into a written agreement. The agreement was dependent on finalising management changes/structure going forward, these management changes/structures have not been finalised because they were conditional on the Company securing the appropriate funding to progress and develop the Company's main iron ore project and are also now affected by the recent termination of the framework agreement between the Company, Coffee House Group Limited, Lodestone Equities Limited and Toll Resources Limited for the previously proposed acquisition of Lodestone Equities Limited by the Company (**Framework Agreement**).

The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is related party of the Chief Executive Officer or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's *Board Charter*.

Recommendation 1.5

The Company has established a *Diversity Policy*, a summary of which is disclosed on the Company's website. However, the policy does not include requirements for the Board to set measurable objectives for achieving gender diversity, and to assess annually both the objectives and the Company's progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity, but the Company actively managing diversity by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees.

The Board considers that the Company has in place arrangements to encourage diversity in employment. The Company also has an Equal Employment Opportunity and Anti-Discrimination Policy. Further, due to the Company's current operations, size and small number of employees, the Board considers that it is difficult to set meaningful measurable objectives for achieving gender diversity. However, every effort is made to find the most suitable qualified person for any role within the Company, irrespective of age, sex, religion or any other personal characteristic or attribute, in accordance with the Company's policy. The Board will review its position and may develop measurable objectives when the Company's operations increase.

Corporate Governance Statement

Approach to Corporate Governance (continued)

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including casuals) as at 30 June 2018 are set out in the following table. "Senior executive" for these purposes means those persons who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance, and for the Reporting Period included the Chief Executive Officer and the Company Secretary and Chief Financial Officer:

	Proportion of women
Whole organisation	3 out of 10 (30%)
Senior executive positions	0 out of 2 (0%)
Board	0 out of 4 (0%)

Recommendation 1.6

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

During the Reporting Period, an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

Recommendation 1.7

The Chief Executive Officer is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's *Process for Performance Evaluations*.

During the Reporting Period, the Company had two senior executives; the Chief Executive Officer and the Chief Financial Officer and Company Secretary (who are also Board members).

During the Reporting Period, an evaluation of the Chief Executive Officer and the Chief Financial Officer and Company Secretary were undertaken in accordance with the Company's *Process for Performance Evaluations* that is, in conjunction with their reviews as members of the Board. As the Chief Executive Officer does not currently have a written agreement with the Company, nor is receiving any remuneration, he is evaluated on an ongoing basis by the Board via informal discussions about performance.

Principle 2 – Structure the board to add value

Recommendation 2.1

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Although the Board has not established a separate Nomination Committee, it has adopted a *Nomination Committee Charter*, which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee, and is disclosed on the Company's website.

When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. Separate meetings of the full Board in its capacity as the Nomination Committee are held, and minutes of those meetings are taken. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Corporate Governance Statement

Approach to Corporate Governance (continued)

Details of director attendance at meetings of the full Board, in its capacity as the Nomination Committee, during the Reporting Period, are as follows:

Nomination Committee Meetings		
Director	Number eligible to attend	Number attended
Gordon Toll (1)	2	2
Malcom Randall	2	2
Frank DeMarte	2	2
Peter Schubert	2	2

Note 1 – Mr Gordon Toll resigned as Executive Chairman, Director and CEO on 2 September 2018.

Recommendation 2.2

The mix of skills and diversity for which the Board is looking to achieve in membership of the Board is represented by the composition of its current Board. The Board comprises directors who possess the following skills and qualifications: extensive corporate, management and marketing experience in the resources sector, financial and geological. Following the resignation of Mr Toll as both a director of the Company on 2 September 2018), the Board is currently considering the appointment of an additional non-executive independent director with the appropriate skills, diversity and qualifications to compliment the skills and qualifications identified above.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. The sole independent director of the Company is Malcolm Randall.

The length of service of each of those Directors is as follows:

Director	Appointment	Length of service
Malcom Randall	4 October 2007	11 years
Frank DeMarte	23 February 2004	14 years
Peter Schubert	17 December 2015	2 years

Recommendation 2.4

The Board does not have a majority of directors who are independent. The Board considers that its composition is appropriate for the Company's circumstances and includes an appropriate mix of skills and expertise relevant to the Company. The Board gives consideration to the balance of independence on the Board, and will review its composition in response to any changes in the Company's circumstances. Further, as noted above, the Board is currently considering the appointment of an additional independent non-executive director.

Recommendation 2.5

During the Reporting Period, the Company did not have an independent Chairman.

The Chairman was Mr Gordon Toll. Mr Toll was an Executive Chairman as he was also the Company's Chief Executive Officer. The Board believed that Mr Toll was the most appropriate person for the position of Chairman notwithstanding that he was also the Company's Chief Executive Officer because of his industry experience and knowledge. The fact that Mr Toll was the Company's Chief Executive Officer, and also that Mr Toll and his associates held (and continue to hold) a substantial shareholding in the Company, are the determining factors that precluded him from being considered independent.

Corporate Governance Statement

Approach to Corporate Governance (continued)

Following the resignation of Mr Toll as Executive Chairman and Chief Executive Officer on 2 September 2018, the Board resolved to appoint Mr Peter Schubert as the Chairman of the Company. Mr Schubert is also a non-independent Chairman as he is an Executive Director, responsible for the Company's investor relations and capital development.

Recommendation 2.6

The Company has an induction program that it uses to when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity. The Company's *Induction Program* is disclosed on the Company's website.

The full Board in its capacity as the Nomination Committee regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the full Board in its capacity as the Nomination Committee considers what training or development should be undertaken to fill those gaps. In particular, the full Board in its capacity as the Nomination Committee ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements.

Principle 3 – Act ethically and responsibly

Recommendation 3.1

The Company has established a *Code of Conduct* for its directors, senior executives and employees, a summary of which is disclosed on the Company's website.

The Company has also adopted a *Whistleblower Policy* to encourage the reporting of violations (or suspected violations) of the Company's Code of Conduct and to provide effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1

The Board has established an Audit Committee. The members of the Audit Committee are Malcolm Randall (who is the Chair of the committee and is an independent non-executive director) and Frank DeMarte who is a non-independent executive director. The Audit Committee is not structured in compliance with Recommendation 4.1. The Board is unable to establish an Audit Committee that meets the compositional requirements of Recommendation 4.1. However, the Board considers that a committee comprised of the Company's sole independent director and the Chief Financial Officer is most appropriate for the Company's needs given their experience and qualifications.

The relevant qualifications and experience of each of the members of the Audit Committee are as follows:

Malcolm Randall holds a Bachelor of Applied Chemistry Degree and is a fellow of the Australian Institute of Company Directors. He has extensive experience in corporate management and marketing in the resource sector, including more than 25 years with the Rio Tinto group of companies. His experience extends over a broad range of commodities including iron ore, diamonds, base metals, coal, uranium, and industrial minerals both in Australia and internationally.

Corporate Governance Statement

Approach to Corporate Governance (continued)

Frank DeMarte holds a bachelor of business majoring in accounting and is a fellow of the Governance Institute of Australia, a fellow of the Australian Institute of Chartered Secretaries and Administrators and a fellow of the Australian Institute of Company Directors. Mr DeMarte is experienced in areas of company secretarial practice, management accounting and corporate and financial management with over 34 years of experience in the mining and exploration industry in Western Australia.

Details of director attendance at Audit Committee meetings during the Reporting Period are as follows:

Audit Committee Meetings		
Director	Number eligible to attend	Number attended
Malcom Randall	2	2
Frank DeMarte	2	2

The Board has adopted an *Audit Committee* Charter which describes the Audit Committee's role, composition, functions and responsibilities, and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approved the Company financial statements for each of the quarters ending 30 September 2017, 31 December 2017, 31 March 2018 and 30 June 2018, the half year ended 31 December 2017 and the full-year ended 30 June 2018, it received from the Chief Executive Officer and the Chief Financial Officer (in relation to all report except the full-year ended 30 June 2018, which was instead received from the Executive Chairman and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated 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.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company writes to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chairman allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chairman also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Company's auditor, Stanton's International was available at the Company's Annual General Meeting held on 30 November 2017 via teleconference to answer any questions from shareholders.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's *Policy on Continuous Disclosure* and *Compliance Procedures* are disclosed on the Company's website.

Corporate Governance Statement

Approach to Corporate Governance (continued)

Principle 6 – Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.magnetitemines.com.

Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's *Shareholder Communication and Investor Relations Policy*.

Recommendation 6.3

The Company has in place a *Shareholder Communication and Investor Relations Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Communication to shareholders is facilitated by the production of the annual report, quarterly reports, public announcements, and ASX releases immediately after their disclosure to the ASX which are all made available on the Company's website. In addition, all shareholders are encouraged to attend the Annual General Meeting and use the opportunity to ask questions during the meeting and after the Chief Executive Officer's presentation. The external auditor also attends the shareholders meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically using an online service provided by the Company's share registry. When a new shareholder appears on the Company's share register, the Company's share registry sends the new shareholder an introductory letter encouraging them to provide their shareholder information online, including their preferences in the way the shareholder would like to receive communications from the Company.

Principle 7 – Recognise and manage risk

Recommendation 7.1

The Board has not established a separate Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. Accordingly, the Board performs the role of Risk Committee, and has responsibility for overseeing the Company's risk management framework.

Although the Board has not established a separate Risk Committee, it has adopted a *Risk Committee Charter*, which describes the full Board in its capacity as a Risk Committee's role, composition, functions and responsibilities. When the Board convenes as the Risk Committee it will carry out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are discussed at Board meetings when required. The Board will deal with any conflicts of interest that may occur when convening in the capacity of the Risk Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Recommendation 7.2

The full Board in its capacity as the Risk Committee reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is

Corporate Governance Statement

Approach to Corporate Governance (continued)

operating within the risk appetite set by the Board. The Board carried out these reviews during the Reporting Period.

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's *Risk Management Policy*.

Recommendation 7.4

As the Company is not in production and nor does it have any major operations, the Company has not identified any material exposure to any environmental and/or social sustainability risks. However, the Company does have a material exposure to the following economic risks:

Economic risk type	Mitigation strategies
Market risk – movements in commodity prices	The group manages its exposure to market risk by monitoring market conditions and making decisions based on industry experience.
Future capital – cost and availability of funds to meet the Company's business needs	The Company monitors its cash reserves and manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the group's current and future operations.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1

The Board has established a Remuneration Committee. The members of the Remuneration Committee are Malcolm Randall (who is the Chair of the committee and is an independent non-executive director) and Frank DeMarte who is a non-independent executive director. The Remuneration Committee is not structured in compliance with Recommendation 8.1 as it comprises of only two members, and does not comprise a majority of independent directors. The Board is unable to establish a Remuneration Committee that meets the compositional requirements of Recommendation 8.1. However, the Board considers that a committee comprised of the Company's sole independent director and Mr DeMarte is appropriate.

During the Reporting Period, the Remuneration Committee did not hold any meetings.

The Board has adopted a *Remuneration Committee Charter* which describes the role, composition, functions and responsibilities of the Remuneration Committee, a copy of which is disclosed on the Company's website.

Recommendation 8.2

Details of remuneration, including the Company's policy on remuneration and "*clawback policy*" regarding the lapsing of performance based remuneration in the event of fraudulent serious misconduct and the clawback of the performance-based remuneration in the event of a material misstatement in the Company's financial statement are contained in the "Remuneration Report" which forms part of the Directors' Report in the Company's 2018 Annual Report.

Corporate Governance Statement

Approach to Corporate Governance (continued)

Recommendation 8.3

The Company's *Securities Trading Policy* outlines the Company's policy on prohibiting entry into transactions or arrangements which operate to limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.