

1 Introduction

1.1 In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Shareholders of Mount Gibson Iron Limited and its controlled entities (“the Company”), as well as its employees, customers, and the community. It works to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives at all times.

2 Purpose And Role

2.1 The Board is responsible for:

- (a) Charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- (b) Monitoring the implementation of those policies and strategies and the achievement of those financial objectives and performance against the strategic plan and budgets;
- (c) Monitoring compliance with control and accountability systems, significant disclosures to the market regulatory requirements and ethical standards;
- (d) Ensuring the preparation of accurate financial reports and statements;
- (e) Reporting to Shareholders and the investment community on the performance and state of the Company;
- (f) Ensuring that appropriate audit arrangements are in place;
- (g) Reviewing on a regular and continuing basis:
 - Executive succession planning (in particular for the Managing Director); and
 - Executive development activities; and
- (h) Ensuring that effective and appropriate reporting systems in place will, in particular, assure the Board that proper financial, operational, compliance and risk management controls function adequately.

2.2 In performing the responsibilities set out above the Board acts at all times:

- (a) In a manner designed to create and build sustainable value for Shareholders; and
- (b) In accordance with the duties and obligations imposed upon them by the Company's Constitution and by law.

3 Powers

3.1 In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) Appointing and removing the chief executive officer and determining his or her terms and conditions of employment (including remuneration);
- (b) Reviewing and ratifying each of the following:
 - Systems of risk management and internal control and compliance, codes of conduct and legal compliance;
 - Financial and other reporting; and
 - Major capital expenditure, capital management, and acquisitions and divestitures;
- (c) Any matters in excess of discretions that, from time to time, it may have delegated to the Managing Director and senior management (for instance, in relation to capital expenditure);
- (d) Approving each of the following, on the recommendation of the Managing Director where appropriate:
 - The strategic plan, at least annually;
 - The budget, at least annually;
 - The appointment and, where appropriate, the removal of the Chief Financial Officer, and other senior executives reporting to the Managing Director;
 - The remuneration and conditions of service, including financial incentives, for the Chief Financial Officer, Company Secretary, and other senior executives reporting to the Managing Director;
 - Significant changes to organisational structure and appointment of such senior executives as the Board may determine;
 - The acquisition, establishment, disposal or cessation of any significant business of the Company;
 - Any public statements which reflect significant issues of the Company policy or strategy; and
 - Any changes to the discretions delegated from the Board.
- (e) Approving the issue of any shares, options, equity instruments or other securities in the Company.

4 Board Membership

4.1 The Board comprises a majority of independent Directors.

4.2 The Directors should appoint as Chairman of the Board, a person who is not the Managing Director and who is an Australian citizen or permanent resident.

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4.1 - Board Charter

4.3 Above all, the Board should be comprised of Directors with appropriate competencies to enable the Board to discharge its mandate effectively and should be limited to a size that is conducive to effective and efficient decision making.

5 Independence

5.1 An independent Director is a non-executive Director (i.e. is not a member of management) and:

- (a) Is not a substantial Shareholder of the Company or an officer of, or otherwise associated directly with, a substantial holder of the Company;
- (b) Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director of the Company within three years after ceasing to hold any such employment;
- (c) Within the last three years has not been a principal of a material professional adviser or material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (d) Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) Has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- (f) Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- (g) Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

5.2 For the purpose of this Section 5,

- (a) "principal" does not include a non-executive Director;
- (b) "material professional adviser" does not include a professional adviser providing less than 25% of professional advisory services of a same or similar nature to the Company and its group members; and
- (c) the guidelines contained in Australian Accounting Standard AA5 "Materiality" are followed in determining whether a supplier or customer is a "material supplier or customer" (i.e 5% of the Company's gross revenue or 5% of the suppliers revenue).

6 Meetings

- 6.1 The Board will meet to appropriate intervals each year and additionally when and as often as required to enable it to fulfil its responsibilities.
- 6.2 Board and committee papers are provided to Directors, where possible, three (3) days prior to the relevant meeting.

7 Board Committees

- 7.1 To assist in the execution of its corporate governance responsibilities, the Board has established the following committee:
- audit and risk committee; and
 - remuneration committee.
- 7.2 The following committees have not been established:
- nomination committee; and
 - non executive Directors committee.
- 7.3 The functions of the committees in 7.2 will be performed by the Board, as and when necessary. The requirements for these committees will be reviewed annually based on the size, composition and structure of the Board and management:
- 7.4 Where the Company is carrying out matters associated with public capital raisings, the Board will appoint a due diligence committee to oversee the process and the issue of any disclosure documents.

8 The Chairman

- 8.1 The Directors elect one of their number to the office of Chairman and may determine the period for which that Director is to be Chairman.
- 8.2 The Chairman presides over meetings of the Board and general meetings of Shareholders.
- 8.3 The Chairman is responsible for leading and managing the Board in the discharge of its duties.

9 The Managing Director

- 9.1 The Managing Director's duties are to:
- (a) Devote the whole of his or her time, attention and skill during normal business hours and at other times as reasonably necessary, to the duties of the office;
 - (b) Be accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;

- (c) Formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets;
- (d) Promote the interests of the Company with stakeholders and the investment community; and
- (e) Faithfully and diligently perform the duties and exercise the powers:
 - Consistent with the position of a Managing Director of the Company; and
 - Assigned by the Board.

9.2 In fulfilling his or her duties, the Managing Director:

- (a) Reports directly to the Board;
- (b) Provides prompt and full information to the Board regarding the conduct of the business of the Company;
- (c) Complies with reasonable directions given by the Board; and
- (d) Must have regards to the requirements of the ASX Listing Rules and expectations of stakeholders and the wider investment community.

10 The Company Secretary

10.1 The Company Secretary supports the effectiveness of the Board by:

- (a) Monitoring that the Board policy and procedures are followed;
- (b) Coordinating the completion and despatch of Board agendas and briefing papers; and
- (c) Maintaining compliance systems which ensure the Board and Company adhere to ASX Listing Rules and the Corporations Act.

10.2 The Company Secretary is responsible to the Board, through the Chairman, on all governance matters.

11 Self Assessment

11.1 The Board undertakes an annual performance evaluation of itself that:

- (a) Compares the performance of the Board with the requirements of its character; and
- (b) Effects any improvements to the Board charter and corporate governance policies and procedures deemed necessary or desirable.

11.2 The performance evaluation is conducted in such manner as the Board deems appropriate.

11.3 The general management and oversight of this process of review, together with development of appropriate Board member performance assessment measures, will be the responsibility of the Chairman. Primarily the review will be carried out through consultation by the Chairman with individual Directors.

12 Appointment

12.1 Letters of appointment for each new appointment to the Board set out the key terms and conditions relative to the appointment.

12.2 The Company Secretary and Chairman will provide an induction for new Directors appointed to the Board.

13 Term Of Office

13.1 A Director, subject to circumstances prevailing at the time and the Board's ability to find a suitable replacement, retires from the Board at:

- (a) The conclusion of the annual general meeting occurring immediately before the Director's seventy second birthday;
- (b) The third anniversary date of appointment, or in accordance with the rotation requirements of under the Company's constitution, whichever is the earlier; or
- (c) The conclusion of the annual general meeting occurring after the tenth anniversary of the Director's first appointment or election to the Board, whichever occurs first.