

Mount Gibson Iron Limited

Corporate Governance Principles and Practices Manual

4.4 – Terms of Reference for the Chairman and Managing Director

1 The Chairman

1.1 The duties of Chairman arise from his or her position as the duly elected senior non-executive officer of the Company and the responsibility for presiding over the official business of the Company and the Board.

1.2 The Chairman's duties include:

- (a) ensuring the Board performs its roles and functions;
- (b) managing the relationship between the Managing Director and the Board;
- (c) managing the business of the Board and presiding over its meetings, resolving differences between Directors and seeing that decisions are reached promptly;
- (d) ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information to enable them to be effective members;
- (e) ensuring that each Director fully participates in the Board's activities;
- (f) recommending to the Board for consideration the membership and functions of committees of the Board;
- (g) advising the Board, after appropriate consultation with all Directors, on candidates for appointment as Managing Director and as Directors of the Company; and also making recommendations to the Board on the retirement or removal of the Managing Director and other Directors from office;
- (h) promoting the interests of the Company as a whole in relations with the Company's Shareholders, governments, other public organisations, other companies and the public generally.

2 The Managing Director

2.1 Managing Director of the Company appointed by the Board under the Company's Constitution he or she is responsible to the Board for directing and promoting the profitable operation and development of the Company consistent with the primary objective of enhancing long-term Shareholder value.

2.2 The Managing Director will do his or her best to ensure that the objectives, policies, strategies and plans applicable to the Company are met having regard to the interests of all Shareholders.

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2.3 The Managing Director's duties will include:

- (a) exercising executive stewardship of the Company's resources;
- (b) being responsible to the Board for the development of Company as a profitable operation;
- (c) preparing and submitting to the Board the Company's annual budget, goals, policies, strategies and plans;
- (d) ensuring that such action is taken as is necessary to secure the timely and effective implementation of the objectives, policies, strategies and plans set by the Board and of other decisions taken by or on behalf of the Board;
- (e) ensuring that appropriate objectives, policies, strategies and plans are adopted, that appropriate budgets are set for the businesses, that its performance is effectively monitored, and that guidance or direction is given where appropriate;
- (f) ensuring that safety, health and environmental performance of the Company is implemented in line with the policies agreed by the Board;
- (g) recommending to the Chairman appointments and nominations (including retirements and discharges) to very senior positions which are direct reports;
- (h) ensuring that adequate career development, succession and remuneration arrangements exist for these positions and the Company generally and that promising executives are retained and developed to meet the needs of the Company;
- (i) leading the Company's processes for communicating to Shareholders, stakeholders, and employees;
- (j) keeping the Chairman and the Board informed as appropriate on his or her involvement in stakeholder relations, including relations with the Company's Shareholders, governments, other public organisations, other companies and the public generally; and
- (k) regularly keeping the Chairman and the Board informed as appropriate on all matters that may be of importance to the Company, including its current performance and progress.