

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 (“the Company”) and its controlled entities, taking into account the reasonable expectations of its employees, customers, suppliers and the community. The Board works to promote and maintain an environment within the Company that establishes honesty, fairness and compliance with law as basic guidelines for all of its employees and representatives at all times.

2 Purpose And Role

- 2.1 Under the Company’s constitution the Board is responsible for managing the business of the Company, and may exercise all powers and do all things that are within the Company’s power and are not expressly required by the Corporations Act or the constitution to be exercised by the Company in general meeting.
- 2.2 The Board has delegated, or may delegate, some of its responsibilities to the Managing Director, certain committees established by the Board and other persons, but has reserved for itself the right to:
- (a) set the strategic direction for the Company;
 - (b) select and appoint the Managing Director; and
 - (c) oversee the Company’s management and its business activities.
- 2.3 Other responsibilities reserved to the Board include:
- (a) charting the direction of the Company, formulating and adopting policies, strategies and financial objectives consistent with that direction, and ensuring appropriate resources are available to management to fulfil the proposed policies, strategies and objectives.
 - (b) monitoring:
 - o the implementation of policies and strategies; and
 - o the achievement and observance of financial objectives and performance.
 - (c) monitoring compliance with:
 - o control and accountability systems;
 - o regulatory requirements (including continuous disclosure obligations); and
 - o ethical standards,in accordance with the relevant Board policies.
 - (d) ensuring the preparation of accurate financial reports and statements and satisfying itself, on a reasonable basis, that the financial statements and other financial disclosures of the Company are both fair and accurate and in accordance with the requirements of the Corporations Act and ASX Listing Rules.

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- (e) reporting to shareholders and the investment community on the position and performance of the Company in accordance with the requirements of the Corporations Act and ASX Listing Rules.
- (f) with the assistance of the Audit & Risk Management Committee (**Audit Committee**), ensuring that appropriate internal and external audit arrangements are in place and operating effectively.
- (g) with the assistance of the Nomination, Remuneration and Governance Committee (**NRG Committee**), setting criteria for and reviewing on a regular and continuing basis:
 - o executive succession planning (in particular for the Managing Director); and
 - o executive development activities.
- (h) with the assistance of the Audit Committee, ensuring that:
 - o there are effective and appropriate corporate governance, reporting and risk management systems in place to assist the Board to monitor the performance and operations of the Company; and
 - o proper financial, operational, compliance and risk management controls are in place and functioning adequately, so that the Board is in a position to exercise its powers and discharge its responsibilities as set out in this Board Charter.
- (i) with the assistance of the NRG Committee, setting criteria for, and evaluating the performance of, the Managing Director, with a formal review at least annually.
- (j) encouraging a culture that promotes ethical and responsible decision-making, compliance with legal responsibilities, and transparency through effective and timely disclosure.
- (k) contributing to management's development of corporate strategy and performance objectives.
- (l) reviewing procedures and practices in relation to health, safety and the environment and assessing their adequacy.
- (m) approving and regularly reviewing the Company's Continuous Disclosure and ASX Announcements Policy.
- (n) ensuring, on a reasonable basis, that the level and composition of executive remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.
- (o) convening and attending meetings of the Company's shareholders.

- (p) assessing and approving the Company's response to proposed transactions which would affect shareholders' positions and rights as shareholders and, where relevant, making recommendations to shareholders.
- (q) ensuring that processes and plans are in place to maintain an orderly succession of appointments of non-executive Directors to the Board, and an appropriate balance of skills.
- (r) ensuring that appropriate mechanisms are in place for the governance of controlled entities and the oversight of activities of controlled entities.

2.4 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;
- (b) in accordance with the duties and obligations imposed on Directors by the Company's Constitution, the Corporations Act and the ASX Listing Rules; and
- (c) in a manner that reflects high standards of governance, taking into account the reasonable expectations of all stakeholders.

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) with the assistance of the NRG Committee (as required), appointing and removing the Managing Director and determining his or her terms and conditions of employment (including remuneration and any performance incentives).
- (b) with the assistance of the Audit Committee or NRG Committee (as required), reviewing and approving or ratifying each of the following:
 - o systems of risk management and internal control and compliance, corporate governance policies and codes of conduct and legal compliance;
 - o financial and other reporting; and
 - o major capital expenditure, capital management, and acquisitions and divestitures.
- (c) authorising any commitments in excess of discretionary limits that, from time to time, the Board may have delegated to the Managing Director and senior management (for instance, in relation to borrowings and capital expenditure).
- (d) approving each of the following, with the assistance of the Audit Committee or the NRG Committee where appropriate:
 - o the strategic plan, at least annually;
 - o the budgets, at least annually;

- the appointment and, where appropriate, removal of the Chief Financial Officer, and other senior executives who report directly to the Managing Director;
 - the level of remuneration and conditions of service, including financial and performance incentives, for the Chief Financial Officer, Company Secretary, and other senior executives who report directly 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;
 - the annual and half-year financial reports and any other information for disclosure to the market that contains or relates to financial projections, statements as to future financial performance or changes to the policy or strategy of the Company;
 - borrowings, other than in the ordinary course of business, and the granting of security over, or interests in, the undertaking of the Company or any of its assets;
 - any changes to the discretions delegated by the Board; and
 - policies of Company-wide or general application.
- (e) authorising the issue of any shares, options, equity instruments or other securities in the Company in accordance with the requirements of the Company's Constitution, the Corporations Act and ASX Listing Rules.
- (f) in accordance with the Company's Constitution, appointing Directors to fill vacancies on the Board (who will come before shareholders for election at the next Annual General Meeting).

4 Board Membership

- 4.1 The majority of Board members should be independent non-executive Directors. In making its determination as to a Director's independent status, the Board will act in accordance with the Board's Policy on Independence of Directors as outlined in this Board Charter.
- 4.2 The members of the Board should possess a range of qualifications, experience, skills and expertise considered of benefit to the Company, including relevant operational experience at a senior level in the mining industry.
- 4.3 Each Director should bring an independent judgment to bear on all Board decisions.
- 4.4 As a general rule, the maximum term of service on the Board should be 10 years from the date of first appointment.
- 4.5 The Directors should appoint, as Chairman of the Board, a person who is one of the independent non-executive Directors and who is also an Australian citizen or permanent resident.

4.6 Board composition should be reviewed annually by the Board to ensure that the Board is comprised of Directors with appropriate skills, knowledge, and competencies to enable the Board to perform its role effectively.

4.7 The Board should be limited to a size that is conducive to effective and efficient decision making, with no more than 10 Directors.

5 Independence

5.1 The Board will assess the independence of Directors with reference to the definition of an independent director contained in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (ASX Principles)*, being:

"An independent director is a non-executive director who is not a member of management and who is free of any business or other association that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment".

5.2 The Board will consider all facts and circumstances in determining the independence of a Director. In assessing independence, the Board will take into consideration the relationships identified in the ASX Principles as potentially affecting the independence of a Director. These are where a Director:

- (a) is a substantial holder of the Company within the meaning of the Corporations Act (i.e. holds 5% or more of the voting rights attached to the issued shares) or is an officer of, or otherwise associated directly with, a substantial holder.
- (b) is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board.
- (c) has, within the last 3 years, been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided.
- (d) is a material supplier or material customer of the Company or another group member, or an officer of, or otherwise associated directly or indirectly, with a material supplier or material customer.
- (e) has a material contractual relationship with the Company or another group member other than as a Director.

5.3 The test of whether a relationship or business is material will be based on the nature of the relationship or business and on the circumstances and activities of the Director having regard to the relationships referred to above. Materiality will be considered from the perspective of

the Company and its controlled entities, the persons or organisations with whom the Director has an affiliation and from the perspective of the Director. In assessing materiality the Board will apply the following guidelines:

- (a) In the context of the relationship described in paragraph 5.2(c) above:
 - o “principal” as used in paragraph 5.2(c) above does not include a non-executive Director; and
 - o “material professional advisor” does not include a professional advisor providing less than 25% of professional advisory services of the same or a similar nature to the Company and its group members.
 - (b) 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 supplier’s revenue).
- 5.4 Directors must update the Board and the Company Secretary with any new information regarding interests or relationships relevant to independence. Family ties and cross-directorships may be relevant in considering interests and relationships relevant to independence, and should be disclosed by Directors to the Board and the Company Secretary.
- 5.5 Independence is to be assessed before appointment, reviewed annually, and re-assessed whenever an independent Director’s circumstances change in a manner that may affect their status as an independent director.
- 5.6 The Board has the absolute discretion to make an assessment of independence and make a disclosure in relation to such independence.
- 5.7 The Board will make the following disclosures in relation to independence:
- (a) Independent and non-independent Directors will be identified and the basis of the assessment will be stated.
 - (b) An assessment of independence for a Director who has one or more of the relationships referred to above will be specifically explained.
 - (c) Material relationships, associations and other business of each Director will be described (whether or not falling within the categories described in this Board Charter).
 - (d) Materiality thresholds adopted by the Board to assist in the assessment and determination of independence will be disclosed and, where appropriate, explained.

- 5.8 When directors stand for election or re-election by shareholders at a general meeting, the notice of meeting will say whether or not the Board has determined that they are independent.
- 5.9 If the Board's assessment of a particular Director's independence changes, that change will be disclosed immediately to ASX in accordance with the Company's Continuous Disclosure and ASX Announcements Policy.
- 5.10 Any questions arising from the Company's policy on independence of Directors may be directed to the Chairman or the Company Secretary.

6 Meetings

- 6.1 The Board will meet at appropriate intervals each year (but at least six times each year) and additionally as often as required to enable it to fulfil its responsibilities.
- 6.2 Urgent decisions, where it is not practicable to convene a meeting, may be made by resolution circulated in writing in accordance with the Company's Constitution. Any resolution so circulated must be accompanied by appropriate explanatory material.
- 6.3 The Company Secretary must, on the request of the Chairman or any Director, convene a meeting of the Board outside the normal meeting schedule. If a Director other than the Chairman proposes to convene a meeting of the Board, such Director will, as far as is reasonably practicable, consult with the Chairman prior to making a request to the Company Secretary to convene such meeting. In the last quarter of each calendar year, the Board will set a timetable of Board and Committee meetings for the following calendar year. For ad hoc Board and Committee meetings, reasonable notice will be given being not less than two business days in the absence of special circumstances.
- 6.4 Board and committee papers are to be provided to Directors sufficiently far in advance of scheduled meetings to permit adequate preparation prior to the relevant Board or committee meeting.
- 6.5 Board agendas should be settled by the Chairman in conjunction with the Managing Director and Company Secretary and may allow for a period of discussion by non-executive Directors in the absence of management.
- 6.6 Meetings should be convened so that, wherever possible, Directors are able to attend and participate in person. Where personal attendance by some or all Directors is not possible, meetings should be convened and conducted so as to facilitate attendance by audio-conference and/or videoconference.
- 6.7 Where meetings are held by audio-conference and/or videoconference and documents (not previously included in Board papers) are presented prior to or at the meeting, arrangements

should be made for providing copies of those documents to Directors who are not attending and participating in person.

- 6.8 An additional day (or additional days) should be allocated each year for reviewing the Company's strategy with management.
- 6.9 Minutes of Board meetings should accurately reflect proceedings at the meeting, as they are prima facie evidence of those proceedings under section 251A(6) of the Corporations Act. Minutes of each meeting should be presented for approval at the next meeting.

7 Board Committees

- 7.1 To assist in the execution of its corporate governance responsibilities, the Board may from time to time establish standing and *ad hoc* Committees to assist it in carrying out its responsibilities.
- 7.2 For each Committee the Board should adopt a charter setting out its role, composition, powers, responsibilities, structure, resourcing and administration, and any other relevant matters. The appointment of a chairman and of the members of any Board Committee will be made by the Board.
- 7.3 In particular, the Board will establish and maintain as standing committees the following:
- o Audit and Risk Committee; and
 - o Nomination, Remuneration and Governance Committee.
- 7.4 The Board has also established a Relationship Management Committee to oversee the work of management, and provide guidance to management, in identifying, managing and resolving issues and disputes with substantial shareholders who also have contractual relationships with the Company as commercial counterparties (eg offtake customers).
- 7.5 Any decision-making power delegated to a Committee must be specified by the Board in the instrument of delegation. All policy decisions should be matters reserved for the Board.
- 7.6 The agenda for a Committee meeting should be settled by its Chairman, with the Company Secretary, sufficiently in advance of scheduled meetings.
- 7.7 Each Committee should report to the Board at least annually on all matters relevant to the discharge by the Committee of its role and responsibilities during the period covered by the report. In addition, each Committee should report to the Board:
- (a) on specific issues, as and when required under its charter, and
 - (b) on the proceedings of each meeting of that Committee, to the next Board meeting.
- 7.8 Except in cases which involve conflict of interest, the minutes of all Committee meetings should be made available to all Directors as soon as practicable. Minutes should accurately

reflect proceedings at the meeting and should, as far as is reasonably practicable to do so, be presented for approval at the next Committee meeting. Otherwise such minutes shall be presented at the following Committee meeting.

- 7.9 Where the Company is engaged in public capital raisings, schemes of arrangement or other major transactions 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 may elect one of their number to the office of Chairman in accordance with paragraph 4.5 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. In particular, the Chairman's responsibilities include the following:

- (a) leadership and effective performance of the Board.
- (b) setting the agenda for Board meetings, in conjunction with the Managing Director and Company Secretary.
- (c) overseeing the provision by management to Directors of accurate, timely and clear information.
- (d) arranging, with the assistance of the Company Secretary, regular evaluation of the performance of the Board and its Committees and of individual Directors.
- (e) ensuring that Directors have adequate opportunity to contribute to the deliberations of the Board.
- (f) seeking to develop and maintain relations between Directors and management, particularly the Managing Director, that are open, cordial and conducive to productive co-operation.
- (g) providing counsel to the Managing Director, and being available for consultation with the Managing Director.
- (h) establishing a protocol to take effect on occasions when the Chairman is absent from meetings of the Board.

9 The Managing Director

- 9.1 The Managing Director's duties will include the following:

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- (a) management of the Company's mining operations.
- (b) responsibility to the Board for the development of the Company's business as a profitable operation.
- (c) preparing and submitting to the Board the Company's annual budget, goals, policies, strategies and plans.
- (d) ensuring that action is taken as 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 Company's businesses, that business performance is effectively monitored, and that guidance or direction is given where appropriate.
- (f) complying with the obligations of the Managing Director under the Corporations Act.
- (g) ensuring that assistance and support is provided by management to the Committees established by the Board.
- (h) ensuring that financial reports and statements are prepared and disclosed in accordance with the requirements of the Corporations Act and ASX Listing Rules.
- (i) ensuring that the performance of the Company in safety, health and environmental matters complies with regulatory requirements and relevant policies approved by the Board.
- (j) making recommendations to the Board on the appointment (and, where necessary, removal) of the Managing Director's direct reports.
- (k) ensuring that adequate career development, succession and remuneration arrangements exist for positions reporting directly to the Managing Director and all other management positions, and that promising executives are retained and developed to meet the needs of the Company.
- (l) leading the Company's processes for communicating with shareholders, stakeholders, and employees.
- (m) 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.

- (n) 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.

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.
- (d) must have regard to the requirements of the law including the requirements of the Company's Constitution, the Corporations Act, the ASX Listing Rules and expectations of stakeholders and the wider investment community.

10 The Company Secretary

10.1 The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed. In particular, the Company Secretary supports the effectiveness of the Board and the Board's Committees by:

- (a) ensuring that the Board agenda is developed in a timely and effective manner for review and approval by the Chairman.
- (b) ensuring, in conjunction with the Managing Director, that board papers are developed and distributed in a timely and effective manner.
- (c) co-ordinating, organising and attending meetings of the Board and shareholders, and ensuring that correct procedures are followed.
- (d) drafting and maintaining minutes of Board, Committee and shareholder meetings.
- (e) in conjunction with the Managing Director and other senior management, carrying out the instructions of the Board and giving practical effect to the Board's decisions.
- (f) meeting statutory reporting and record-keeping requirements in accordance with relevant legislation including under the Corporations Act and ASX Listing Rules.
- (g) working with the Chairman and Managing Director to establish and maintain best practice corporate governance.

- (h) maintaining compliance systems which ensure the Board and Company comply with the Corporations Act and ASX Listing Rules.

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

10.3 The appointment and removal of the Company Secretary are matters for decision by the Board as a whole.

10.4 All Directors have access to the Company Secretary.

11 Self Assessment

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

- (a) reviews the performance of the Board against the requirements of this Board Charter and other relevant corporate governance policies and procedures of the Company.
- (b) reviews the performance of the Board Committees against the requirements of this Board Charter, Board Committee Charters and other relevant corporate governance policies and procedures of the Company.
- (c) reviews the individual performances of the Chairman, the Managing Director and the Directors.
- (d) makes any improvements to this Board Charter, Board Committee Charters and corporate governance policies and procedures of the Company that are deemed necessary or desirable.

11.2 The Board, with the assistance of the NRG Committee, will determine the scope of the performance evaluation and how it is to be conducted to meet the objectives in paragraph 11.1.

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 A letter of appointment is to be given to each new Director at the time of appointment to the Board, setting out the key terms and conditions of appointment.

12.2 The Company Secretary will provide an induction for new Directors in accordance with the Company's Induction Procedures for New Board Appointees Policy.

13 Conflicts

- 13.1 In accordance with the Company's Conflict of Interest Policy, a Director must inform the Board or the Chairman, as soon as the Director is aware of any conflict or potential conflict of interest which that Director may have in relation to any particular item of business.
- 13.2 Unless decided otherwise by the other members of the Board, the Director should be absent from discussion and decision on that matter.
- 13.3 Directors must strictly comply with the Corporations Act requirements and Board policy for the avoidance of conflicts and the notification of actual and potential conflicts.

14 Periodic site visits

- 14.1 Periodic site visits by all Directors, to aid their understanding of the business of the Company, should be scheduled and co-ordinated by management. Directors are expected to give priority to attendance at these visits.

15 Access to company information

- 15.1 Directors are to be provided with access to members of company management and to company information in the possession of management. Directors must use this right of access responsibly, to avoid unnecessary distraction of management and disruption to the Company's business.

16 Access to independent advisors

- 16.1 The Board may have access to independent advisers as required. If a Director requires independent advice in relation to the affairs of the Company, then they will obtain the prior written approval of the Chairman to the expenditure of funds and the terms of engagement of the independent adviser. This approval is not to be unreasonably withheld. Where the Director seeking advice is the Chairman, then the approval is to be obtained from any two other Directors.

17 Board records

- 17.1 A record of board submissions, papers and other material presented to the Board is maintained by the Company Secretary, together with minutes of all Board and Committee meetings and is accessible to Directors. Directors who wish to have their personal copies of Board papers stored by the Company may arrange that through the Company Secretary.

18 Insurance and Indemnity

- 18.1 Deeds should be entered into between individual Directors and the Company recording arrangements between the Company and each Director relating to:
- (a) indemnification;
 - (b) insurance;
 - (c) access to Company documents; and
 - (d) the Director's right to obtain independent legal advice, at the Company's expense.

19 Review of Charter

- 19.1 This Board Charter, and the Committee Charters, will be reviewed regularly and updated as required.