

**Mount Gibson Iron Limited**  
**Corporate Governance Policies and Practices Manual**  
**Procedure for the Selection and Appointment of Non-Executive**  
**Directors**  
**Adopted by the Board on 26 February 2013**

## Introduction

- 1.1 This Policy sets out the selection and appointment procedures which will be used by Mount Gibson Iron Limited (the **Company**) to identify and appoint suitable candidates to the Company's Board as Non-Executive Directors.
- 1.2 The Company is committed to implementing a formal and transparent procedure for the selection and appointment of directors in order to help promote investor understanding and confidence in the process. The purpose of this Policy is to provide shareholders and other stakeholders with information regarding:
- (a) The process by which prospective candidates for the role of Non-Executive Director are identified and selected, including whether professional intermediaries are used to identify and/or assess candidates.
  - (b) The factors taken into account in the selection process.
  - (c) The steps taken to ensure that a diverse range of candidates is considered.
  - (d) The role of the Nomination, Remuneration and Governance Committee (**NRG Committee**) in this process.
- 1.3 The responsibilities of the NRG Committee under its Charter include:
- (a) Identifying and recommending to the Board the criteria for Board membership, including developing and implementing plans for identifying necessary and desirable competencies of prospective Board members.
  - (b) Identifying prospective candidates for membership of the Board, and making recommendations to the Board for Board appointment/shareholder election.
- 1.4 Candidates for appointment as Non-Executive Directors are expected to possess a range of qualifications, experience, skills and expertise which will benefit the Company. In particular, Non-Executive Directors are expected to demonstrate the following:
- (a) Honesty and integrity.
  - (b) Mining industry experience or experience in an area of relevant expertise, such as finance, law or science.
  - (c) Understanding of corporate governance and, in particular, of the role and duties of Non-Executive Directors.

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- (d) Understanding of risk management processes.
  - (e) Ability to probe and challenge senior management and fellow directors in a frank and collaborative manner.
  - (f) Ability to understand and manage competing views and issues.
  - (g) Communication skills.
  - (h) Leadership skills and the ability to work well as part of a team.
  - (i) Sound commercial and business judgement.
  - (j) Well-developed strategic skills.
  - (k) Sufficient financial literacy to understand the financial position of the company, and evaluate financial information presented by management.
- 1.5 A copy of this Policy will be provided to all Directors as part of the Company's induction procedures together with the Company's other policies, such as the Board Charter and the Board Code of Conduct. A copy can also be found on the Company's website ([www.mtgibsoniron.com.au](http://www.mtgibsoniron.com.au)). Hard copies can be obtained from the Company Secretary.
- 1.6 The Policy is to be read subject to any contractual rights that a major shareholder may have to nominate a representative Board member.

## **2 Assessing Prospective Candidates**

- 2.1 Once a suitable candidate for appointment as a Non-Executive Director is identified, the NRG Committee will assess that candidate against relevant criteria, including the following questions:
- (a) Will the skills, experience, expertise and personal qualities of the proposed candidate advance the Company's objectives and make the Board more effective?
  - (b) Does the proposed candidate meet the criteria in this Policy for a Non-Executive Director?
  - (c) Is the proposed candidate able to devote the necessary time and commitment to the role? This will involve a consideration of matters such as other board or executive appointments.

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- (d) What potential conflicts of interest does the candidate have (having regard to the Conflicts of Interest Policy)?
- (e) Is the prospective candidate independent, according to the criteria in the Board Charter (which are derived from the ASX Corporate Governance Principles)?
- (f) Have the references, qualifications and experience of the proposed candidate been verified?
- (g) Has the advice of a professional search consultant been obtained?
- (h) Would the appointment of the proposed candidate advance the objectives of the Diversity Policy?
- (i) Is the proposed candidate likely to obtain the support of shareholders, if appointed by the Board and presented for re-election by shareholders at the next Annual General Meeting?

2.2 As part of this process, the NRG Committee may arrange for:

- (a) the Chairman and one or more Non-Executive Directors to conduct personal interviews with the candidate, and/or
- (b) the candidate to meet the rest of the Board.

2.3 To ensure that the Company gains access to a diverse range of potential candidates meeting the Company's selection criteria, the NRG Committee should consider engaging professional search consultants with recognised credentials in the field of non-executive director search to identify prospective candidates and assess them against relevant criteria, including the questions in section 2.1.

2.4 If a Director wishes to nominate a person as a potential candidate for appointment to the Board, they should advise the Chairman of the NRG Committee. Such referrals are not to exclude external candidates and all candidates identified by the search process are to be considered on their merits.

### **3 Appointment Procedure**

3.1 An offer of appointment to the Board under Rule 8.1(b) of the Company's Constitution may be made only by the Chairman of the Board with the approval of the Board, after any recommendations from the NRG Committee have been circulated to all Directors. Directors

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so appointed must stand for election by shareholders at the next annual general meeting, in accordance with Rule 8.1(c) of the Constitution.

3.2 To provide full transparency of the processes used to make any appointment of a non-executive director, the Company will in announcing any new appointment report on the appointment process, including:

- (a) the particular contribution of skills and experience expected from the appointee; and
- (b) whether a professional search consultant was used to identify and/or assess candidates.

#### **4 Questions**

4.1 Directors who have any questions about this Policy should seek clarification from the Chairman or the Company Secretary.

#### **5 Review**

5.1 The Nomination, Remuneration and Governance Committee will review this Policy annually and make recommendations to the Board on whether changes are required.