

Policy and procedure for the selection and (re)appointment of directors

1 Size and composition of the Board

The board of directors of Magnetite Mines Limited ABN 34 108 102 432 (**Company**) should be structured in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business and encourages enhanced performance of the Company. Reference is made to the Company's size and operations as they evolve from time to time in determining the appropriate size of the Board and its composition.

2 Selection and appointment of new directors

It is the policy of the Board that in determining candidates for the Board, the following process shall occur:

- (a) The Nomination Committee (or equivalent) evaluates the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills and diversity that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board. Regard must also be had to the Company's Diversity Policy in identifying appropriate candidates.
 - (b) The Nomination Committee (or equivalent) will identify potential candidates by seeking applications from suitably qualified individuals; and/or placing advertisements in appropriate media; and/or engaging external consultants that will present diverse candidates.
 - (c) The Nomination Committee (or equivalent) interviews selected candidates.
 - (d) A potential candidate is considered with reference to their skills and expertise in relation to other Board members. The Nomination Committee (or equivalent) will also have regard to the other matters identified in this Policy and Procedure for Selection and Re(Appointment) of Directors as relevant when identifying and considering candidates for the Board.
 - (e) If relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Subject to section 6 of this policy, the Nomination Committee (or equivalent) must undertake appropriate checks before recommending an appropriate candidate for appointment to the Board. These should include checks as to the person's character, experience, education, criminal record and bankruptcy history.
- (a) The Company must enter into a written agreement with each director appointed to the Board setting out the terms of their appointment.

3 Board renewal

Under the ASX Listing Rules and the Company's constitution:

the Company must hold an election of directors each year; and

- (a) a director of the Company must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is longer; and
- (b) a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the Company. This rule does not apply to the Managing Director.

4 Commitment to the Board

Non-executive directors must provide to the Nomination Committee (or equivalent), prior to their appointment or re-election, details of their other commitments and an indication of the time involved in carrying out those other commitments.

All directors should consider the number and nature of their directorships and calls on their time from other commitments. Prior to appointment, or being submitted for re-election, non-executive directors are required to specifically acknowledge to the Company that they will have sufficient time to fulfil their responsibilities as a director.

5 Providing candidate information to shareholders

Shareholders will be informed of the names of candidates submitted for election as directors. So that shareholders can make an informed decision on whether or not to elect or re-elect a candidate as a director, the following information will be supplied to shareholders in the relevant meeting materials at which shareholder approval will be sought:

- (a) biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- (b) details of any other material directorships currently held by the candidate;
- (c) if the candidate is standing for election as a director for the first time:
 - (i) confirmation that the Company has conducted appropriate checks into the candidate's background and experience;
 - (ii) if those checks have revealed any information of concern, that information;
 - (iii) details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party; and
 - (iv) if the Board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect;
- (d) if the candidate is standing for re-election as a director:
 - (i) the term of office currently served by the director; and
 - (ii) if the Board considers the director to be an independent director; a statement to that effect; and
- (e) a statement by the Board as to whether it supports the election or re-election of the proposed candidate and a summary of the reasons why.

6 Provisional appointments/elections subject to background checks

In certain circumstances, the Company may wish to make a provisional appointment of a director, or put a resolution to members electing a director, before it has completed the checks outlined in section 2(e) and accordingly may do so subject to receipt of satisfactory outstanding checks. Where the Company does this, it should obtain an undertaking in writing from the director to resign if the Company receives an outstanding check that it considers is not satisfactory.