



Nomination and Governance Committee Charter

Atlas Iron Limited

1. INTRODUCTION

Atlas Iron Limited (**Atlas**) is committed to implementing and maintaining the highest standards of corporate governance. In determining what those standards should involve, Atlas has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

The Board of Directors (**Board**) of Atlas has resolved to establish a Nomination and Governance Committee of the Board (**Committee**).

The Board has approved this Charter which prescribes the role and responsibilities, composition, structure and membership requirements for the Committee.

2. DEFINITIONS

2.1 Key Management Personnel

The term **Key Management Personnel** includes those people having authority and responsibility for planning, directing, and controlling the activities of Atlas, either directly or indirectly. Key Management Personnel includes both Atlas' executive and non-executive directors.

3. ROLE

The role of the Committee is to:

- (a) assist the Board in relation to the selection, composition, performance and appointment of members of the Board so that it is effective and able to operate in the best interests of shareholders. This includes identifying, evaluating and recommending candidates for election and re-election to the Board as well as succession planning; and
- (b) ensure that Atlas has and maintains appropriate ethical standards and corporate governance policies and practices that are integrated into overall business performance and designed to protect and enhance shareholder returns.

The Committee is accountable to the Board for its performance.

The specific duties and responsibilities of the Committee are outlined below.

4. AUTHORITY

Within the scope of its duties and responsibilities, the Committee is generally authorised to:

- (a) consult with and seek any information from Key Management Personnel, employees of Atlas or any external party;

- (b) obtain (at Atlas' expense) financial, legal or other professional advice from external consultants or specialists it considers necessary to assist the Committee in meeting its responsibilities; and
- (c) require the attendance of any Atlas employee or external advisers at Committee meetings, if it is considered necessary.

5. COMPOSITION

Committee members are appointed by the Board for a term considered appropriate by the Board. The Board may appoint additional independent non-executive directors to the Committee and may remove or replace members of the Committee by ordinary resolution.

Where practical, the Committee should contain:

- (a) a majority of independent directors; and
- (b) at least three members.

Members of the Committee may withdraw from the Committee by notifying the Board in writing.

Where practical, the Chairman of the Committee should be an independent director appointed by the Board, and may be the Chairman of the Board.

All persons appointed to the Committee must have sufficient professional expertise, knowledge and understanding to allow them to discharge their responsibilities.

6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as set out in this section. The Board may (from time to time) delegate other responsibilities and functions to the Committee.

6.1 Size and Composition of the Board

The Committee will consider and make recommendations to the Board about the size and composition of the Board to ensure that:

- (a) the Board's size and composition are conducive to making decisions that are appropriate for Atlas, including ensuring that the Board:
 - (i) is large enough to incorporate a variety of perspectives and skills;
 - (ii) incorporates an appropriate range of skills and expertise;
 - (iii) represents the best interests of Atlas as a whole rather than of individual shareholders or interest groups; and
 - (iv) is not so large that effective decision-making is hindered; and

- (b) so far as appropriate for Atlas in the context of the criteria in 6.1(a) above, a majority of the Board comprises independent directors who:
 - (i) are not members of the management of Atlas; and
 - (ii) are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the independent exercise of their judgment.

The Committee will implement a plan for identifying, periodically assessing and enhancing director competencies to ensure that the Board comprises directors who possess an appropriate range of skills and expertise.

The Committee will maintain a Board Skills Matrix to assist the Committee to assess the level of experience each director has in various skills areas, as well as the overall composition of the Board as it relates to diversity.

6.2 Independence of Directors

The Committee will regularly assess and determine the independent status of each director by taking into account interests disclosed by each director and other information and whether the director:

- (a) is a substantial shareholder of Atlas (being a shareholder who has a relevant interest in more than 5% of the shares in Atlas) or an officer of, or otherwise associated directly with, a substantial shareholder of Atlas;
- (b) is employed, or has previously been employed, in an executive capacity by Atlas or its subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (c) is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to Atlas or its subsidiaries;
- (d) is, or has been within the last three years, in a material business relationship (e.g. supplier or customer) with Atlas or its subsidiaries, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship; or
- (e) has a material contractual relationship with Atlas or its subsidiaries other than as a director;
- (f) has close family ties with any person who falls within any of the categories described above; or
- (g) has been a director for Atlas for such a period that his or her independence may have been compromised.

Where such an interest, position, association or relationship exists, the Committee will determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of Atlas and its shareholders generally.

In the case of a non-executive director who has served in that position for more than ten years, the Committee will assess whether the director continues to be independent or has formed associations with management (or others) that might compromise his or her ability to discharge his or her duties as a non-executive director in the best interests of Atlas. This is to be assessed in the context of recognising that Atlas and its shareholders are likely to be well served by having a mix of directors, some with a longer tenure with a deep understanding of Atlas' business and some with a shorter tenure with fresh ideas and perspectives.

The Committee will report to the Board in relation to the above assessments and determinations to enable Atlas to disclose in its Annual Report:

- (a) the names of all directors considered to be independent;
- (b) any interest, position, association or relationship of the type outlined above that the director in question has and, if the Board is of the opinion that it does not compromise the director's independence, whether and why the Board considers them to be independent; and
- (c) the length of service of each director.

6.3 Director competencies and Continuing Professional Development

The Committee will implement a plan for identifying, assessing and enhancing director competencies to ensure that the Board comprises directors who possess an appropriate range of skills and expertise.

The Committee will develop and implement continuing education procedures to ensure that directors have continuing professional development opportunities to update and enhance their skills and knowledge, including education concerning key developments in Atlas and the industry and environment within which it operates and receive briefings on developments in accounting standards relevant to Atlas.

6.4 Commitment of the Board

The Committee will regularly review the time required by a director to effectively undertake his or her Board responsibilities (and Board committee responsibilities, where relevant) and determine whether each director is meeting that requirement after identifying and considering details of that director's other commitments.

6.5 Selection, Appointment and Re-appointment of Directors

The Committee will nominate for consideration of the Board potential candidates to fill executive and non-executive director vacancies as and when they arise.

The Committee will develop and implement processes to identify suitable candidates for nomination or appointment to the Board, including engaging external consultants or specialists to provide advice or services, including to identify and initially screen candidates based on a set of criteria developed by the Committee as appropriate for the needs of the Board.

When considering candidates for nomination appointment or re-appointment to the Board, the Committee will take into account:

- (a) the candidate's competence and qualifications;
- (b) the candidate's independence;
- (c) the range of skills, experience and expertise on the Board to identify the skills that will best increase the effectiveness of the Board;
- (d) the duration of each existing director's tenure to ensure effective succession planning;
- (e) the existing structure and composition of the Board in light of the criteria outlined in this charter and the Board Skills Matrix;
- (f) the principles set out in Atlas' Equal Opportunity Employment and Diversity Policy, including ensuring that a diverse range of candidates is considered and consideration is given to promoting diversity on the Board;
- (g) any candidate's ability to devote the time required by a director to effectively undertake his or her Board responsibilities (and Board committee responsibilities, where relevant) after identifying and considering details of the candidate's other commitments; and
- (h) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

Where necessary, advice is sought from independent search consultants. The Committee then makes its recommendation to the Board which appoints the most suitable candidate(s) who must stand for election.

For new appointments, the Committee will ensure that appropriate checks are undertaken before candidates are put forward for election. This will include checks as to the person's character, experience, education, criminal record and bankruptcy history.

The Committee will ensure Atlas enters into a written agreement with each director setting out the terms of his or her appointment, including the duties and responsibilities of each director and Atlas' expectation of them.

Prior to appointment or being submitted for re-election, non-executive directors should specifically acknowledge that they have sufficient time to meet what is required of them by Atlas. A non-executive director should inform the Board and the Chairman of the Committee before accepting any new appointment as a director of another public company.

The Committee will ensure that Atlas complies with the requirements of its constitution, the ASX Listing Rules and the *Corporations Act 2001* (Cth) in relation to the appointment, re-election and retirement or removal of directors.

The Committee will ensure Atlas provides shareholders, in the relevant notice of meeting, with all material information in its possession relevant to their decision regarding whether or not to elect or re-elect a director, including:

- (a) biographical details (e.g. qualifications and experience);
- (b) details of other public company directorships currently held;
- (c) a statement as to the independence of the candidate;
- (d) in the case of a re-election, the term which the director has held office for;
- (e) in the case of an election of candidate standing for election for the first time, or if there has been a change in the circumstances of a candidate standing for re-election:
 - (i) details of any interest, position, association or relationship that the Board has determined might influence, or could be reasonably perceived to influence, the candidate's independent judgement and ability to act in the best interests of Atlas and its shareholders generally; and
 - (ii) any material adverse information revealed by the checks Atlas has performed in relation to the candidate; and
- (f) a statement as to whether the Board supports the election / re-election of the candidate.

6.6 Letter of Appointment

New directors will be provided with a letter of appointment setting out:

- (a) their responsibilities, duties and rights;
- (b) the time commitment envisaged including committee work and any other special duties;
- (c) the term of their appointment;
- (d) remuneration including superannuation entitlements;
- (e) their requirements to disclose their interests and any conflicts;
- (f) their requirements to comply with Atlas' policies and procedures including Atlas' Code of Conduct and its Dealing in Securities standards;
- (g) Atlas' policy on when directors may seek independent advice at the expense of Atlas;
- (h) circumstances in which the director's offices becomes vacant;
- (i) insurance and indemnity arrangements;
- (j) ongoing rights to corporate information; and

- (k) ongoing confidentiality obligations.

Each new director will be provided with access to the Company's constitution, Atlas' Board Charter, recent Company presentations, the Company's Policies, the latest audited financial statements and minutes of Board meetings held in the previous 12 months.

6.7 Induction Procedures

The Committee will develop and implement induction procedures to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of:

- (a) the industry within which Atlas operates;
- (b) Atlas' financial, strategic, operational and risk management position;
- (c) the culture and values of Atlas;
- (d) the rights, duties and responsibilities of directors;
- (e) the roles and responsibilities of Atlas' senior management and its subsidiaries;
- (f) the role of Atlas' Board committees;
- (g) meeting arrangements; and
- (h) director interaction with each other, senior executives and other stakeholders.

In particular, in the case of a director who does not have specialist accounting skills or knowledge, the Committee will make sure that education opportunities are made available to ensure the director has sufficient accounting knowledge to fulfil their responsibilities.

6.8 Succession Planning

The Committee will develop, implement and review Atlas' succession plans in place for membership of the Board to ensure that these plans work to maintain:

- (a) an appropriate balance of skills, experience and expertise on the Board; and
- (b) an appropriate structure and composition of the Board,

taking into account the challenges and opportunities facing Atlas.

6.9 Evaluation and re-appointment of directors

The Committee will develop and implement processes for evaluating the performance of the Board, the Board committees and individual directors against appropriate measures.

The Committee, with the assistance of the Company Secretary, will identify the order of retirement by rotation of directors.

The Committee will undertake a process of review of the retiring director's performance during the period in which the retiring director has been a member of the Board, and will conduct the review by whatever means it considers appropriate, including using external advisers and assessment of performance by peers and self.

A Committee member will not participate in the review of his or her own performance.

The Committee will ensure that proper consideration is made in respect of the re-election of directors and that the notice of meeting in relation to the re-election of a director provides sufficient information to enable shareholders to make an informed choice about who should be re-elected as a director. The notice should set out a range of matters about the person recommended for election as a director, including the matters required by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

6.10 Corporate Governance

The Committee is responsible for ensuring Atlas has the appropriate ethical standards and corporate governance policies and practices. To this end, the Committee is responsible for providing advice to the Board on corporate governance matters generally, including to:

- (a) assist the Board to adopt the most appropriate corporate governance policies while meeting applicable corporate governance requirements, including the ASX Corporate Governance Principles and Recommendations;
- (b) annually review Atlas' corporate governance framework and Atlas' compliance with the framework;
- (c) inform the Board of corporate governance requirements of regulators;
- (d) review best practice developments in corporate governance in Australia and identify to the Board corporate governance standards which it considers appropriate and in the best interests of Atlas;
- (e) review disclosure of Atlas' corporate governance policies on Atlas' website;
- (f) provide recommendations to Atlas' Board on effective policies and procedures to ensure effective communication of Atlas' corporate governance policies to shareholders, media, analysts and industry participants; and
- (g) approve Atlas' Corporate Governance statement made in the corporate governance section of Atlas' annual report for consistency with the principles of the ASX Corporate Governance Principles and Recommendations.

6.11 Annual Reporting

The Committee will review the Board composition and structure disclosures made in the corporate governance section of Atlas' annual report for consistency with the principles of the ASX Corporate Governance Principles and Recommendations.

The Company will disclose this Charter on its website and will disclose the following in its Annual Corporate Governance Statement:

- (a) Committee membership;
- (b) the relevant experience and qualifications of each Committee member;
- (c) the number of times the Committee has met during the financial year; and
- (d) the individual attendances of members at Committee meetings.

7. MEETINGS

7.1 Meeting frequency

The Committee will, where possible, meet at least twice each year or as often as the Committee members deem necessary in order to carry out the responsibilities of the Committee. Any Committee member may convene a meeting of the Committee.

7.2 Notice

Each member of the Committee must be given reasonable notice of every Committee meeting.

7.3 Quorum

A quorum consists of the lesser of two Committee members or a majority of Committee members.

7.4 Voting

Each member will have one vote and decisions are by majority vote. The Chairman does not have a casting vote where there is a tied vote. If a tied vote occurs, the motion will lapse. No Committee member can vote on any matter relating to their position on the Committee, the Board, or any Board committee.

7.5 Committee Chairman

If the Chairman is unable to attend a Committee meeting, the Committee members present at that meeting must appoint a Committee member to chair the meeting.

The Chairman of the Board may not be the Chairman of a Committee meeting if and when the Committee is dealing with the appointment of a successor to the Chairman.

7.6 Minutes

Formal minutes of each Committee meeting will be taken by the Company Secretary. The minutes of the Committee will be entered into the Committee's minute book and the Committee's minute book may be inspected by any director.

7.7 Attendance

Members of the Committee, any other Directors, and the Company Secretary will usually be invited to attend all meetings.

To the extent an executive director is a member of the Committee, he or she must not be present when his or her own remuneration is being considered.

Non-members of the Committee may be invited to attend meetings of the Committee at the Committee's discretion, but if any such person has a material personal interest in a matter that is being considered at the relevant Committee meeting, that person must not be present when that matter is being considered.

8. REPORTING

The Committee must regularly update the Board about its activities and ensure that the Board is aware of any matter relating to the Committee which may significantly impact the financial condition or other affairs of Atlas. The Committee will do this by:

- (a) providing a report of the Committee's activities for inclusion in the Board papers for the next Board meeting following a Committee meeting (this report must include copies of the relevant Committee meeting agenda, papers and minutes);
- (b) if requested, providing a summary report to the Board on its work in discharging its responsibilities during the year and the outcomes of its formal performance evaluation, for inclusion in the annual report;
- (c) if requested, the Chairman providing an oral report about any material matters arising out of a Committee meeting; and
- (d) at relevant Board meetings, providing the information that has been requested by a director.

9. REVIEW

The Nomination Committee will, at least once in each year undertake a formal review of the performance of the Committee, the membership and charter of this Committee to ensure it remains consistent with the Board's objective and responsibilities.

The Nomination Committee must obtain approval from the Board for any recommended changes to the Committee and/or this Charter.

CONTACT DETAILS

If you are in any doubt regarding this Charter, you should contact the Company Secretary at:

Atlas Iron Limited, PO Box 7071, Cloisters Square Perth, WA 6850

Phone: 08 6228 8000

Email: info@atlasiron.com.au, Attention: the Company Secretary

Adopted by the Board: September 2016