

Eclipse Metals Limited Performance Evaluation Practices

The Board shall be responsible for the examination of the selection and appointment practices of the Company.

The Board has established formal processes to review its own performance and the performance of individual directors, the Executive Director, committees of the Board and key executives, at least annually.

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies, external professional advice (if considered necessary) and the aggregate amount of fees approved by shareholders and otherwise in accordance with the remuneration policies established by the Board and the Nomination and Remuneration Committee. The Board also reviews the appropriate criteria for Board membership collectively.

The Board has established formal processes to review its own performance and the performance of individual directors (including the Chairperson), the Executive Director, any committees of the Board and key executives at least annually.

1. Board Review

A process has been established to review and evaluate the performance of the Board. The Board is required to meet annually for the specific purpose of reviewing the roles of the Board, assessing its performance over the last 12 months, including comparison with others, and examining ways of assisting the Board in performing its duties more effectively.

The annual review includes consideration of the following measures:

- Understanding of the Company and its business.
- Comparison of performance of the Board against the requirements of the Board Charter.
- Assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget.
- Identification of any particular goals and objectives of the Board for the next year.
- Review of the Board's interaction with management and access to information.
- Identification of clear processes, goals and objectives established by the Board for the next year, ensuring that all directors have had input into what these goals should be.
- The Board's processes to monitor business performance and compliance, control risks and evaluate management.
- Board composition and structure.
- The operation of the Board, including the conduct of Board meetings and group behaviours.
- Review the type and timing of information provided to the Directors.
- Identification of any necessary or desirable improvements to the Board or any committee charters.

The method and scope of the performance evaluation will be set by the Board and which may include a Board self-assessment checklist to be completed by each director. The Board may also use an independent advisor to assist in the review.

2. Board Committees

Similar procedures to those for the Board review are applied to evaluate the performance of any the Board committees. An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

3. Non-executive Directors

The Chairperson will have primary responsibility for conducting performance appraisals of non-executive Directors in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

Where the Chairperson, following a performance appraisal, considers that action should be taken in relation to a director's performance, the Chairperson must consult with the remainder of the Board regarding whether a director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a Director should be put to shareholders.

4. Executive Director

The Board formally reviews the performance of the Executive Director at least annually. At the commencement of each financial year, the Board and the Executive Director will agree a set of Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- The extent to which key operational goals and strategic objectives are achieved;
- Development of management and staff;
- Compliance with legal and Company policy requirements; and
- Achievement of key performance indicators.

5. Senior executives

The Executive Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a meeting with each senior executive.

The basis of evaluation of senior executives will be on agreed performance measures.

The Company Secretary is accountable to the Board, through the Chairperson, on all governance matters. A review by the Board will take into account the Company Secretary's effectiveness in monitoring board policy and procedures in order to ensure continued compliance and coordinating the completion and dispatch of board agenda and briefing materials.

Policy History

Established:	July 2013
Last review:	September 2015
Review frequency:	Annually or as required