

Eclipse Metals Limited

Procedure for Selection and Appointment of Directors

1. Purpose

To ensure that there are defined procedures for the selection and appointment of new directors to the Board.

The Nomination and Remuneration Committee and the Board will follow a formal and transparent procedure for the selection and appointment of new directors will be implemented to promote understanding and confidence in this process.

2. Board Composition

The Board Charter requires that the Board comprises of a majority of non-executive Directors with a broad range of expertise, skills and experience. The composition of the Board is regularly reviewed to ensure that the Board continues to have the mix of skills and experience necessary for the conduct of the Company's activities. Candidates for appointment to the Board may be considered where they hold particular experience in the various activities conducted by the Company.

The Board shall ensure that, collectively, it has the appropriate range and expertise to properly fulfil its responsibilities, including:

- accounting and finance;
- business development and risk management;
- industry and public company experience; and
- an appropriate ratio and skills matrix for executive and non-executive directors.

3. Procedure

A formal and transparent procedure for the selection and appointment of new directors to the Board helps promote understanding and confidence in that process. The appointment of new members to the Board will be considered by the Nomination and Remuneration Committee.

(a) Identification of potential Board candidates

The Nomination and Remuneration Committee and each of the individual Directors are expected to be continually on the lookout for candidates that they consider may be valuable members of the Board.

At various times the Nomination and Remuneration Committee may also determine that there is a specific requirement for a Director with particular skills, and at this time external consultants may be engaged to identify potential candidates.

(b) Selection

In the circumstances where the Nomination and Remuneration Committee or the Board believe there is a need to appoint another director, whether due to retirement of a Director, growth or complexity of the Company's business, certain procedures will be followed by the Nomination and Remuneration Committee, including:

- determining the skills and experience appropriate for the appointee having regard to those of the existing Directors and any other likely changes to the Board;
- agreeing the process and timetable for seeking such a person, which may involve an external recruitment firm;
- the preparation of a short list of candidates.

Potential directors are to be approached and their interest in joining the Board discussed together with the responsibilities such an appointment would entail. The terms and conditions of the appointment, including the level of remuneration, are also communicated to the candidates.

Once a potential candidate has been identified that candidate would be expected to provide a copy of their resume detailing their skills and experience. The Board, at a Board meeting, would interview the candidate and explain details of the Company, its operations, policies and expectations.

When considering a candidate the Board will make their assessment pursuant to the following guidelines:

- competencies and qualifications;
- independence;
- other directorships held (previously and currently);
- time availability;
- contribution to the overall balance of the composition of the Board;
- depth of understanding of the role and legal obligations of a director.

The full Board shall consider any appointment to the Board, subject to the Directors' voting arrangements set out in the Company's Constitution.

(c) Appointment to the Board

If an invitation to become a director of the Board is accepted, the new Director is expected to sign the Appointment Letter setting out the terms and conditions for appointment of Directors and the Directors Consent to Act form. The Director will also be provided with access to the Company's Board Charter and other relevant policies and procedures.

The Board will appoint the new Director during the year and that person will stand for election by shareholders at the next general meeting. Shareholders are to be provided with the relevant information on the candidates for re-election.

Following the appointment of a new Director to the Board, an announcement is to be made to the market containing various details of the new Director's skills and experience and the reason for the appointment to the Board. Appropriate details are also to be provided to the market regarding the new Director's shareholding in the Company.

(d) Induction

When appointed to the Board, all new directors receive an induction appropriate to their experience to familiarise them with matters relating to the Company's operations, strategies and practices.

To be effective, new directors need to have a good deal of knowledge about the Company and the industry within which it operates. An induction program should enable new directors to gain and understanding of:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities of directors;
- the roles and responsibilities of senior executives; and
- the role of the Board committees.

4. Responsibility

The Chairperson of the Nomination and Remuneration and Nomination Committee is ultimately responsible for compliance with this procedure, however it is expected that all Directors will comply with this procedure.

Policy History

Established: July 2013

Last review:

Review frequency: Annually or as required