

Eclipse Metals Limited Remuneration & Nomination Committee Charter

1. Functions

The Board does not currently have a separate Remuneration and Nomination Committee (**Committee**) and any remuneration or nomination issues are considered by the full Board in accordance with this Charter. Any references in this policy to “Committee” in relation to remuneration or nomination matters should be references to the Board, or in the event that the Board establishes a Remuneration and Nomination Committee then such references should be read as referring to that committee.

The principal functions of the Committee include:

- review and recommend to the Board the overall strategies in relation to executive remuneration policies;
- review and make recommendations to the Board in respect of the compensation arrangements for all non-executive directors, the Chief Executive Officer and all other senior executives;
- review the effectiveness of performance incentive plans;
- review and make recommendations to the Board in respect of all equity based remuneration plans;
- review and make recommendations to the Board in respect of the Company's recruitment, retention and termination policies and superannuation arrangements;
- review the composition of the Board and ensure that the Board has an appropriate mix of skills and experience to properly fulfil its responsibilities;
- ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;
- review and make recommendations to the Board in respect of the succession plans of senior executives (other than executive Directors) and ensuring the performance of senior executives is reviewed at least annually; and
- consider nominations for potential candidates to act as Directors.

In consultation with the Chief Executive Officer, the Committee will review and recommend to the Board for approval, the Company's general approach to compensation and will oversee the development and implementation of the compensation regime. However ultimate responsibility for the Company's nomination and remuneration policies remains with the Board.

2. Composition

The Committee shall comprise at least three directors, the majority of whom will be non-executive directors. Directors serving on the Committee should have diverse, complementary backgrounds. The Chairperson of the Board will be appointed the Committee Chairperson. The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution.

The Company Secretary will be the secretary of the Committee and will act as the principal liaison between executive management and the committee on remuneration matters.

3. Meetings

The Committee will meet as frequently as necessary, but not less than twice a year and one of those meetings must take place at least 2 months prior to each annual general meeting.

The Chairperson of the Committee must call a meeting of the Committee if requested by any Committee member, the Chief Executive Officer or the Company Secretary.

The Committee shall have access to professional advice. Two members of the Committee shall comprise a quorum. Where only two members are present, the unanimous vote of the two members will constitute an act of the Committee. Where the committee comprises more than two committee members, the vote of a majority of the members present will constitute an act of the Committee.

The members of the Board are entitled to attend Committee meetings. The Chief Executive Officer and the Chief Financial Officer are entitled to attend Committee meetings on invitation. The Committee may invite other persons to attend meetings if considered appropriate by the Chairperson of the Committee for example internal specialists or external advisers.

4. Reporting to the Board

The Chairperson of the Committee (or a person nominated by the Chairperson for the Committee for that purpose) must report to the Board at its next meeting regarding all material matters and recommendations relevant to the Committee's duties and responsibilities. Where any Committee member has a contrary view to a Committee decision, that view is to be reported to the Board.

In accordance with the requirements of the ASX Listing Rules and the Corporations Act, the Company will make annual disclosure of the details of the nature and amount of fees paid to each director and each of the five highest-paid officers of the Company. The disclosure will include the payment of any non-monetary incentive components such as options. In addition the Company will disclose key details of agreements with directors and senior executives in accordance with the disclosure obligations pursuant to ASX Listing .

5. Authority

The Committee has unrestricted access to executive management, all employees and all Company records and to financial and legal advisors.

The Committee or any member of the Committee is authorised to obtain (at the cost of the Company) outside legal or other independent professional advice, and to secure the attendance of such advisors if it is considered necessary for the proper performance of the Committee's functions under this Charter. The member should first contact the Chair of the Committee and the Secretary who will, if required by the Chairperson or by the member, assist in procuring that professional advice.

(a) Board approvals

The Board must approve the following (subject to recommendation by the Committee where required under this Charter):

- (i) the executive remuneration policy;
- (ii) the remuneration report to be included in the annual report and accounts;
- (iii) the design of all equity-based incentive plans; and

(iv) the remuneration of the non-executive directors.

(b) Committee approvals

The Committee must approve the following prior to implementation:

- (i) changes to the remuneration or contract terms of executive directors;
- (ii) the design of new executive equity or cash-based incentive plans and any amendments to current plans;
- (iii) the total level of award proposed from equity-based plans or executive cash-based incentive plans; and
- (iv) termination payments to executive directors and other members of the senior executive team.

6. Duties and Responsibilities

Without limiting its role, the specific duties and responsibilities of the Committee include the following:

(a) Recruitment policy

The Committee will regularly review and make recommendations to the Board in respect of the Company's recruitment policy.

(b) Remuneration policy

The Committee will:

- Determine and agree with the Board the policy for the remuneration of the Chairperson, non-executive directors, the Chief Executive Officer and senior executives (**Remuneration Policy**);
- review the on-going appropriateness and relevance of the Remuneration Policy; and
- ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with.

(c) Non-executive Directors

The remuneration of the non-executive directors will be determined by the Board, excluding in each case, any director or directors with an immediate conflict of interest. The Board may request that the Committee, management or external advisers provide any information required to assist the Board in making its decision.

The maximum remuneration of non-executive directors is to be determined by the Shareholders in general meeting in accordance with the Company's Constitution, the ASX Listing rules and the Corporations Act 2001 (Cth). The apportionment of non-executive director remuneration within the allowed maximum will be made by the Board having regard to each individual director's contribution to the Board.

Shareholders must also approve the framework for any future equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

The Committee shall cooperate and consult with the Board in determining the remuneration for any new directors to be appointed prior to such amounts being disclosed to potential Board candidates.

The practice of granting options to non-executive directors as a part of their remuneration package is not recommended in accordance with the ASX Corporate Governance Council's, Principles of Good Corporate Governance and Best Practice Recommendations (second edition). However, the Committee will from time to time consider whether equity participation by way of the grant of options to members of the Board is appropriate. In such circumstances the meeting materials for the shareholder approval relating to the issue of options will disclose that the practice is contrary to the recommendations set out in the ASX Corporate Governance Council's, Principles of Good Corporate Governance and Best Practice Recommendations (second edition).

(d) Senior Executives

The Company's remuneration policy for senior executives is designed to promote superior performance and long term commitment to the Company. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations. Executives receive a base remuneration package which is market related, together with performance based remuneration which is met out of a profit sharing pool on a calendar year basis.

The remuneration of the Chief Executive Officer will be determined by the Board. The Board may request that the Committee, management or external advisors provide any information required to assist the Board in making its decision.

The remuneration packages for senior executives will be determined by the Chief Executive Officer in accordance with the Remuneration Policy. To assist the Chief Executive Officer to determine executives' remuneration and to allow the Board to adequately review any executive remuneration policy, the Committee will review:

- the proposed remuneration (including incentive awards, equity awards and service contracts) for senior executives, to ensure that it is consistent with the Remuneration Policy;
- contractual rights of senior executives on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances; and
- the depth of senior executives and the appropriateness of succession planning policies which are in place.

The Committee will review succession plans of senior executives (other than executive Directors) on a regular basis to maintain an appropriate balance of skills, experience and expertise in the management of the Company and providing advice to the Board accordingly.

(e) Cash-based executive incentive plans

Insofar as they impact on the executive directors, the Committee will review and approve:

- (i) the underlying principles of, and determine targets for, all such executive incentive plans; and
- (ii) the total proposed payments from all such executive incentive plans.

(f) Equity-based incentive plans

The Committee will monitor and review:

- (i) the underlying principles of all equity-based plans for approval by the Board;
- (ii) all equity based plans in light of legislative, regulatory, taxation and market developments and any thresholds set in plans approved by shareholders;
- (iii) for each equity-based plan, all awards which are proposed under that plan with a view to ensuring compliance with the rules of the relevant plan and the policies of the Committee and the Board in respect of that plan;
- (iv) the total proposed awards under each plan;
- (v) the life of each grant of award;
- (vi) the conditions of grant applicable to each equity-based incentive plan;
- (vii) amendments to the rules which are proposed for approval, as permitted under the rules of the plans; and
- (viii) the proposed exercise of any discretion under a plan and make such determinations as required to be made under the rules of each plan.

(g) Employee benefits and other policies

The Committee will:

- Make recommendations to the Board with respect to the implementation and operation of equity-based incentive plans and other employee benefit programs.
- Ensure that incentive schemes are designed around appropriate performance benchmarks that measure relative performance and provide rewards for materially improved company performance.
- Ensure that the Committee acts as the sole body instructed and authorised to exercise any power or discretion vested in the Board under any share option or bonus or incentive schemes of whatever nature established for the benefit of employees of the Company from time to time.

(h) Superannuation

The Committee will regularly review and provide advice to the Board in relation to the Company's superannuation arrangements.

(i) Performance

The Committee will:

- Develop and implement a plan for identifying, assessing and enhancing competencies of key executives.
- Ensure that the performance of each key executive is evaluated at least annually.

(j) Termination

The Committee will:

- Determine and regularly review the Company's termination policies, including the Company's policy in relation to the compensation agreed to be paid to any executive Director or other senior executive in connection with termination of employment and, where appropriate, office as Director.
- Ensure that termination payments for the Chief Executive Officer and any executive Directors are agreed in advance, including detailed provisions in case of early termination, except for removal for misconduct.
- Ensure that employment agreements include a clear articulation of performance expectations.
- Ensure that consideration is given to the consequences of an appointment not working out, and to the costs and other impacts of early termination.

(k) Nominations

The Committee shall periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of directors. In particular, the Committee is to:

- identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company;
- approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- assess and consider the time required to be committed by a non-executive director to properly fulfil their duty to the Company and advise the Board;
- consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting;
- review directorships in other public companies held by or offered to directors and senior executives of the Company;
- review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
- make recommendations to the Board on the appropriate size and composition of the Board; and
- make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from the Board.

(l) Other

- The Committee shall consider other matters referred to the Committee by the Board.
- The Committee shall have no executive powers with regard to its findings and recommendations.

7. Other

The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding his or her remuneration. Further, no member of the Committee may participate in any decision with respect to his or her position or remuneration.

The Committee may, in its discretion, delegate all or some of its responsibilities to a sub-committee.

Policy History

Established: July 2013

Last review:

Review frequency: Annually or as required