

**RED MOUNTAIN MINING LIMITED**  
**ACN 119 568 106**  
**(Company)**

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**NOMINATION AND REMUNERATION COMMITTEE CHARTER**

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Date Approved: 15 August 2014

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**1. GENERAL SCOPE AND AUTHORITY**

- (a) The Nomination and Remuneration Committee (“Committee”) is a Committee of the Board. The Charter may be subject to review by the Board at any time.
- (b) The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:
  - (i) maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body;
  - (ii) ensuring 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;
  - (iii) reviewing and approving the Remuneration Policy (Annexure A) to enable the Company to attract and retain executives, senior management and Directors who will create value for shareholders;
  - (iv) ensuring that the Remuneration Policy demonstrates a clear relationship between key executive performance and remuneration;
  - (v) recommending to the Board the remuneration of executive Directors;
  - (vi) fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
  - (vii) reviewing the Company’s recruitment, retention and termination policies and procedures for senior management;
  - (viii) reviewing and approving the remuneration of Directors to the Chairman, and as appropriate other senior executives; and
  - (ix) reviewing and approving any equity based plans and other incentive schemes.
- (c) The Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company’s expense.

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**2. COMPOSITION**

- (a) The Committee shall comprise at least three Directors, the majority being independent non-executive Directors.
- (b) The Committee will be chaired by an independent Director who will be appointed by the Board.

- (c) The Board may appoint such additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution.

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**3. SECRETARY**

- (a) The Company Secretary or their nominee shall be the Secretary of the Committee, and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meeting of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

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**4. MEETINGS**

- (a) The Committee will meet at least twice per year and additionally as circumstances may require.
- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- (c) A quorum shall comprise any two members of the Committee. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their members as Chairman.
- (d) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or a conference call.
- (e) Decisions will be based on a majority of votes with the Chairman having the casting vote.
- (f) The Committee may invite any executive management team members or other individuals, including external third parties, to attend meetings of the Committee, as they consider appropriate.

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**5. ACCESS**

- (a) Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) The Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

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## 6. DUTIES AND RESPONSIBILITIES

In order to fulfil its responsibilities to the Board the Committee shall:

(a) **Board Composition**

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:

- (i) 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;
- (ii) approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- (iii) 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.
- (iv) consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting;
- (v) review directorships in other public companies held by or offered to Directors and senior executives of the Company;
- (vi) review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
- (vii) arrange an annual performance evaluation of the Board, its Committees and individual Directors in accordance with the Performance Evaluation Policy (Annexure B);
- (viii) make recommendations to the Board on the appropriate size and composition of the Board;
- (ix) make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from, the Board;
- (x) conduct all Board appointment processes in a manner that promotes gender diversity.

(b) **Remuneration Policy**

- (i) Review and approve the Group's recruitment, retention and termination policies and procedures for senior executives and senior management to enable the Company to attract and retain executives and Directors who can create value for shareholders.

- (ii) Review the on-going appropriateness and relevance of the Remuneration Policy and other executive/ management benefit programs.
  - (iii) Ensure that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market.
- (c) **Executive Directors and Senior Management**
  - (i) Consider and make recommendations to the Board on the remuneration for each executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy.
  - (ii) Review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports of the Managing Director. As part of this review the Committee will oversee an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.
- (d) **Executive Incentive Plan**

Review and approve the design of any executive incentive plans.
- (e) **Equity Based Plans**
  - (i) Review and approve any equity based plans that may be introduced (**Plans**) in the light of legislative, regulatory and market developments.
  - (ii) For each Plan, determine each year whether awards will be made under that Plan.
  - (iii) Review and approve total proposed awards under each Plan.
  - (iv) In addition to considering awards to executive Directors and direct reports to the Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee.
  - (v) Review, approve and keep under review performance hurdles for each equity based plan.
- (f) **Diversity**

Develop measurable objectives and strategies to meet the objectives of the Company's Diversity Policy (Annexure C) and monitoring the progress of the

measurable objectives through the monitoring, evaluation and reporting mechanisms listed in the Diversity Policy.

(g) **Other**

The Committee shall perform other duties and activities that it or the Board considers appropriate.

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**7. APPROVALS**

The Committee must approve the following prior to implementation:

- (a) changes to the remuneration or contract terms of executive Directors and direct reports to the Managing Director;
- (b) the Plans or amendments to current equity plans or executive cash-based incentive plans;
- (c) total level of awards proposed from equity plans or executive cash-based incentive plans; and
- (d) termination payments to executive Directors or direct reports to the Managing Director. Termination payments to other departing executives should be reported to the Committee at its next meeting.

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## ANNEXURE A – REMUNERATION POLICY

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### 1. GENERAL

The Company chooses to remunerate and reward its Directors, officers and employees in accordance with the following policy.

Emoluments of Directors and senior executives are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and executives. Details of the nature and amount of emoluments of each Director of the Company are disclosed annually in the Company's Annual Report.

#### (a) Non Executive Directors

The Company's policy is to remunerate non executive Directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive Directors are not linked to the performance of the Company. From time to time the Company may grant options or other equity based incentives to non-executive Directors. The grant of options or other equity based incentives is designed to attract and retain suitably qualified non executive Directors and to provide them with incentive to continue efforts for the benefit of the Company. This Policy is subject to annual review. All of the Directors' equity based incentive holdings are fully disclosed.

The Company does not have any schemes for retirement benefits (other than superannuation) for non executive Directors.

The maximum aggregate amount of fees that can be paid to non executive Directors is subject to approval by shareholders at General Meeting.

#### (b) Executive Directors and Senior Executives

Executive pay and reward consists of a base salary and performance incentives. Long term performance incentives may include Options/ Performance Rights granted at the discretion of the Nomination and Remuneration Committee and subject to obtaining the relevant approvals. The grant of Options/Performance Rights is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

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## **ANNEXURE B – PERFORMANCE EVALUATION POLICY**

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The Nomination and Remuneration Committee will arrange a performance evaluation of the Board, its Committees and its individual Directors on an annual basis. To assist in this process an independent advisor may be used.

The Nomination and Remuneration Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively.

The review will include:

- (a) comparing the performance of the Board with the requirements of its Charter;
- (b) examination of the Board's interaction with management;
- (c) the nature of information provided to the Board by management; and
- (d) management's performance in assisting the Board to meet its objectives.

A similar review will be conducted for each Committee of the Board and each individual Director with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.

The Nomination and Remuneration Committee will oversee the performance evaluation of the executive team on an annual basis. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

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## ANNEXURE C – DIVERSITY POLICY

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The Board is committed to workplace diversity. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

This Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, this Diversity Policy forms a direction of the Company with which an employee is expected to comply.

### **Objectives**

The Diversity Policy provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity,

collectively, the **(Objectives)**.

The Diversity Policy does not impose on the Company, its Directors, officers, agents or employees any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

### **The Board's Commitment**

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

The Nomination and Remuneration Committee is responsible for developing measurable objectives

and strategies to meet the Objectives of the Diversity Policy (**Measurable Objectives**) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Nomination and Remuneration Committee may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Nomination and Remuneration Committee will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

### **Strategies**

The Company's diversity strategies include:

- recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- reviewing succession plans to ensure an appropriate focus on diversity;
- identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- developing a culture which takes account of domestic responsibilities of employees; and
- any other strategies the Board or Nomination and Remuneration Committee develops from time to time.

### **Monitoring and Evaluation**

The Board will monitor the scope and currency of this policy.

The Managing Director is responsible for implementing, monitoring and reporting on the Measurable Objectives as established by the Nomination and Remuneration Committee.

Measurable Objectives as set by the Nomination and Remuneration Committee will be included in the annual key performance indicators for the Managing Director and senior executives.

In addition, the Board will review progress against the Objectives as a key performance indicator in its annual performance assessment.

### **Reporting**

The Nomination and Remuneration Committee will report to the Board on progress against the Measurable Objectives on a six-monthly basis.

The Nomination and Remuneration Committee will report annually to the Board on the achievement of the Objectives.

The Board will include in the Annual Report each year:

- Measurable Objectives, if any, set by the Board;
- progress against the Objectives; and
- the proportion of women employees in the whole organisation, at senior management level and at Board level.