

**ESTRELLA RESOURCES LIMITED**  
**ACN 151 155 207**  
**(COMPANY)**

**REMUNERATION AND NOMINATION COMMITTEE CHARTER**

## **1. Membership**

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The Remuneration and Nomination Committee (**Committee**) shall be appointed by the Board from among the Non-Executive Directors of the Company and shall consist of not less than three members with the majority being independent Directors where possible<sup>1</sup>. The Board may remove and replace members of the Committee by a majority of the Board then in office.

## **2. Chair**

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The Committee shall appoint an independent Director as the chair of the Committee (**Chair**).

## **3. Secretary**

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The Company Secretary shall be the secretary of the Committee (**Secretary**).

## **4. Quorum**

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A quorum shall be two members.

## **5. Meeting frequency**

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Committee meetings will be held not less than once a year to enable the Committee to undertake its role effectively.

## **6. Reporting procedures**

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The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chair and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Committee meeting along with any recommendations of the Committee.

## **7. Reliance on professional or expert advice and information**

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Each member of the Committee will be entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

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<sup>1</sup> The Company may need to alter the composition of this Committee depending on the number of independent Directors at any time.

- (b) a professional advisor or expert in relation to matters that the member believes on reasonable grounds to be within the advisor's or expert's professional or expert competence; or
- (c) another Director or officer of the Company in relation to matters within the Director's or officer's authority.

## **8. Duties**

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The duties of the Committee are set out below.

### **8.1 Remuneration Duties**

The remuneration duties of the Committee are to:

- (a) assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for Directors and senior executives compliant with all applicable laws, rules and regulations and clearly distinguishing the structure of non-executive director's remuneration from that of executive directors and senior executives;
- (b) assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
- (c) have regard to the guidelines in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations when formulating remuneration policies and practices;
- (d) obtain the best possible advice in establishing salary levels;
- (e) set policies for senior executives' remuneration establishing a clear relationship between performance and remuneration;
- (f) review the salary levels of senior executives 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 and make recommendations to the Board on any proposed increases;
- (g) propose, for full Board approval, the terms and conditions of employment for the MD (or person in an equivalent role);
- (h) review the Company's recruitment, retention and termination policies and procedures for senior management;
- (i) review and make recommendations to the Board on the Company's incentive schemes and any issues made pursuant to such schemes, including any performance hurdles associated with such issues, in light of legislative, regulatory and market developments;
- (j) keep under review the status of performance hurdles for any securities issued under a Company incentive scheme;
- (k) review, manage and disclose the policy (if any) under which participants to an employee incentive scheme of the Company may be permitted (at the discretion of the Company) to enter into transactions (whether through the use of derivatives or

otherwise) which limit the economic risk of participating in the employee incentive scheme;

- (l) where applicable, reviewing any votes cast against adoption of the Company's remuneration report at its annual general meeting and making any recommendations to the Board in relation to any additional compliance obligations arising from the results of such votes;
- (m) where considered necessary, engage a remuneration consultant to advise the Board in relation to any increased disclosure required to be made due to the results of votes cast against adoption of the Company's remuneration report; and
- (n) review and make recommendations to the Board on the Company's superannuation arrangements.

## **8.2 Nomination Duties**

The nomination duties of the Committee are to:

- (a) develop and regularly review a policy on Board structure, including size and composition to allow for an appropriate mix of skills, diversity and experience;
- (b) develop criteria for Board membership;
- (c) regularly review the composition of the Board against the Company's Board skills matrix to ensure the appropriate mix of skills, diversity and expertise is present to facilitate successful strategic direction;
- (d) 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;
- (e) identify and screen specific candidates for nomination including undertaking appropriate checks before appointing senior executives (including the CFO) and individuals put forward to shareholders as a candidate for election, as a Director, including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate);
- (f) ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. For these purposes, a senior executive is a member of key management personnel (as defined in the Corporations Act), other than a Director;
- (g) ensure there is an appropriate induction and orientation program in place;
- (h) make recommendations to the Board for Committee membership;
- (i) ensure there is an appropriate Board succession plan in place;
- (j) ensure the regular review of performance of the Board and its members;
- (k) develop with Directors an appropriate training and development program;
- (l) oversee management's succession planning including the MD and his or her direct reports;
- (m) assist the Chair in advising Directors about their performance and possible retirement; and

- (n) review the policy in respect of tenure, remuneration and retirement of Directors.

The Company's current policy and practice regarding remuneration of non-executive Directors and executive Directors is set out in Company's Annual Report.

## **9. Director Agreements**

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Agreements with Directors will usually take the form of a letter of appointment in the case of a non-executive director and a service contract in the case of an executive director or other senior executive.

The agreement should be with the director or senior executive personally rather than an entity supplying their services (e.g. under a consultancy agreement between the listed entity and an entity associated with the director or senior executive agreeing to provide his or her services as a director or senior executive). This is to ensure that the director or senior executive is personally accountable to the Company for any breach of the agreement. The exception is where the Company is engaging a bona fide professional services firm to provide the services of a CFO, company secretary or other senior executive on an outsourced basis. In that case, it is acceptable for the agreement to be between the entity and the professional services firm.

In the case of a non-executive director, the agreement should include:

- (a) the requirement to disclose the director's interests and any matters which could affect the director's independence;
- (b) the requirement to comply with key corporate policies, including the entity's code of conduct, its anti-bribery and corruption policy and its trading policy;
- (c) the requirement to notify the entity of, or to seek the entity's approval before accepting, any new role that could impact upon the time commitment expected of the director or give rise to a conflict of interest;
- (d) the entity's policy on when directors may seek independent professional advice at the expense of the entity (which generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors);
- (e) indemnity and insurance arrangements;
- (f) ongoing rights of access to corporate information; and
- (g) ongoing confidentiality obligations.

## **10. Disclosure**

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The Company must disclose the policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives in the annual report and as otherwise required by law.

If the Board considers the Company will not benefit from the establishment of a remuneration committee, the Company will disclose the fact that it does not have a remuneration committee and explain the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

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If the Board decides that they are able to deal efficiently and effectively with Board composition and succession issues without establishing a separate nomination committee, the Company will disclose the fact that it does not have a nomination committee and explain the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

### **11. Review**

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This Charter will be reviewed annually by the Committee with any proposed changes to be approved by the Board.