



Remuneration and Nomination Committee Charter

January 2015

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INTRODUCTION

This Charter sets out the responsibilities delegated by the board (**Board**) of Directors (**Directors**) of Mirabela Nickel Limited (**Company**) to the Remuneration and Nomination Committee (**Committee**) and details the manner in which the Committee will operate.

ROLE

ROLE OF COMMITTEE IN RESPECT OF REMUNERATION MATTERS

The Company seeks to attract and retain high quality directors and to attract, retain and motivate senior executives, whilst maintaining value for security holders. The role of the Committee is to assist the Board by:

- (a) providing support and advice to the Board on the level and composition of remuneration for executives, non executive directors and senior management having regard to the guidelines set out in the ASX Principles (copy attached at **Annexure A**);
- (b) reviewing and making recommendations as to employee incentive and equity based plans;
- (c) overseeing superannuation arrangements for directors, senior executives and other employees;
- (d) monitoring whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees; and
- (e) advising the Board in relation to compliance with corporate governance, legal and regulatory requirements in relation to remuneration including whether shareholder approval is required in respect of any aspect of remuneration related matters.

No Director or executive will be involved in decisions as to their own remuneration.



ROLE OF COMMITTEE IN RESPECT OF NOMINATION MATTERS

The role of the Committee is to assist the Board in fulfilling its corporate governance responsibilities in regard to nomination matters, including:

- (a) review of board composition and skills;
- (b) Board appointments, re-appointments, performance review and succession planning;
- (c) overseeing the induction and professional development programs for the Board;
- (d) succession planning for the MD and senior management and periodic evaluation of succession plans;
- (e) membership and performance of Board committees;
- (f) endorsement of Senior Management appointments; and
- (g) establishment and review of processes and criteria for evaluation of the Board as a whole, committees of the Board and individual Directors.

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Committee has the authority to seek any information it requires from any employees of the Group and all employees must comply with those requests.

The Committee may engage and compensate independent expert external advisers on terms determined by the Committee to assist it in performing its duties. The Committee may meet with external advisers without the MD or Senior Management being present.

COMPOSITION AND MEETINGS OF THE COMMITTEE

COMPOSITION

The Committee is to be:

- (a) appointed by the Board in accordance with the Company's Constitution;
- (b) comprised of at least 3 members, all of which are to be independent; and
- (c) chaired by an independent director.

The Company Secretary will attend all Committee meetings to ensure minutes are taken of the meeting.

MEETINGS

The Committee will meet as frequently as is necessary but not less than annually.

The Committee chairman will report to the Board (at the next Board meeting) following each meeting on the activities, findings and recommendations of the Committee.

Committee meetings will be governed by the same rules, as set out in the Company's Constitution, as they apply to meetings of the Board.



RESPONSIBILITIES IN RESPECT OF REMUNERATION MATTERS

REMUNERATION POLICY AND FRAMEWORK

The Committee will determine and agree with the Board the policy for remuneration of the Chairman, the MD, the executive directors and Senior Management.

The Committee's objectives in determining remuneration and incentive framework, policies and practices are to:

- (a) attract and retain high quality directors;
- (b) motivate relevant Senior Management to pursue the long-term growth and success of the Group, including by the implementation of key performance indicators (**KPIs**) comprising financial and non-financial measures of performance;
- (c) demonstrate a clear relationship between performance and remuneration;
- (d) create an appropriate balance between fixed and incentive remuneration, reflecting the short and long-term performance objectives of the Group and differentiating between higher and lower performers through the use of a performance management framework;
- (e) limit severance payments on termination to pre-established contractual arrangements that do not commit the Group to making unjustified payments in the event of non-performance; and
- (f) be compliant with all relevant laws and regulations and have regard to shareholder expectations.

REMUNERATION FOR CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The Committee will:

- (a) consider and make recommendations to the Board on the remuneration of the Chairman and non executive directors (including equity plans and superannuation);
- (b) apply the guidelines for remuneration set out in **Annexure A** in relation to non –executive directors; and
- (c) consider if any increase in fees or proposed changes to non – executive Director remuneration practices require disclosure or shareholder approval.

REMUNERATION FOR MANAGING DIRECTOR AND ANY OTHER EXECUTIVE DIRECTORS

The Committee will:

- (a) review and make recommendations to the Board on remuneration and incentive awards (both short and long term) for the MD and any other executive Directors;
- (b) apply the guidelines for remuneration set out in Annexure A in relation to executives; and
- (c) consider whether any issues of shares or offers of rights made to executive Directors under any long term incentive plans are placed before shareholders for approval.



REMUNERATION FOR SENIOR MANAGEMENT

The Committee will review and approve remuneration and incentive awards for Senior Management and Senior Management designates based on recommendations of the MD, including:

- (a) appropriate KPIs for Senior Management (set at the beginning of the financial year and used as the basis for performance reviews at the end of the year)
- (b) fixed remuneration levels and short and long-term incentive awards;
- (c) any termination payments (which are to be agreed in advance and include provisions in case of early termination); and
- (d) equity offers under Board-approved employee equity plans not otherwise delegated by the Board to any other person and except equity offers that require the issue of shares (which are to be referred to the Board).

EQUITY BASED PLANS

The Committee will review and approve:

- (a) the design of equity based plans (including performance measures and the assessment of performance against objectives);
- (b) individual equity offers to Senior Management under Board-approved employee equity plans, including the vesting conditions for awards made under equity plans, except equity offers that require the issue of shares (which are to be referred to the Board); and
- (c) the exercise of functions and granting of powers to persons for the effective administration of equity offers made under Board-approved employee equity plans.

(The Board is to be notified of any variations to employee equity plan terms and other equity plan governance documentation approved by the Committee prior to the implementation of any such variations.)

INCENTIVE PLANS

The Committee will review and make recommendations to the Board in relation to those executive incentive plans that require approval of shareholders. In making those recommendations the Committee will have regard to remuneration policy and the total cost of the plan.

ROLE OF THE MANAGING DIRECTOR

The Managing Director will:

- (a) review the remuneration of all other members of Senior Management not otherwise specified in this Charter; and
- (b) subject to delegation by the Board:
 - (i) approve individual equity offers to members of Senior Management under Board-approved employee equity plans, except equity offers that require the issue of shares (which are to be referred to the Board); and
 - (ii) exercise functions and grant powers to persons for the effective administration of equity offers made under Board-approved employee equity plans.



ANNUAL REMUNERATION REPORT

The Committee will approve the annual remuneration report and make recommendations to the Board for the inclusion of the Remuneration Report in the Company's annual report. The remuneration report will contain information on the Company's remuneration policy, practices, attendance at and frequency of Remuneration and Nominations Committee meetings.

RESPONSIBILITIES IN RELATION TO NOMINATION MATTERS

BOARD APPOINTMENTS, RE-ELECTIONS AND PERFORMANCE

In assisting the Board in the appointment, re-election and performance of Directors, the Committee will:

- (a) develop and oversee the formal process for the search and selection of new directors for nomination for appointment by the Board, including carrying out appropriate checks before recommending a candidate to the Board for election;
- (b) consider whether Directors have the appropriate mix of skills and competencies to enable the Board to discharge its responsibilities effectively;
- (c) develop Board succession plans so that an appropriate balance of skills, experience, expertise and diversity is maintained;
- (d) undertake appropriate checks before recommending a candidate for election as a director;
- (e) ensure that shareholders receive all material information relevant to an informed decision on whether or not to elect a director;
- (f) ensure that each director and senior executive has a written agreement with the Company which sets out the key terms of their appointment;
- (g) review the time commitment required from Non-Executive Directors and whether Directors are meeting that commitment; and
- (h) develop and recommend to the Board the process for periodically evaluating the performance of the Board, its Committees and its individual directors. A member of the Committee will not participate in the review of his or her own performance.

In selecting and recommending the appointment of new Directors, the Committee will adopt a Board skills matrix to identify:

- (a) the competencies, skills and diversity that the Board considers to be necessary for the Board, as a whole, to possess;
- (b) the competencies, skills and diversity that the Board considers each existing Director to possess;
- (c) any gaps in the collective skills of the Board and how this will be addressed (eg through professional development and/or succession planning); and
- (d) the competencies and skills each new nominee will bring to the boardroom.

In addition, any candidate must confirm that they have the necessary time and resources to devote to their Board position. In support of this confirmation, the candidate must provide the Committee with details of other commitments and an indication of time involved.



The Board will, taking into consideration the Committee's recommendations, make the final determination on the criteria to be adopted for the selection of candidates, and on whether it will support the appointment of such candidates to the Board.

SUCCESSION OF THE CHAIRMAN AND MD

The Committee will oversee and periodically evaluate the succession plan for the Chairman and MD and make recommendations to the Board in relation to the plan. The Board makes the final decision in relation to the succession of the chairman of the Board and MD.

DIVERSITY OBLIGATIONS

In addition to assisting the Board in ensuring that diversity is considered in the selection, appointment and re-election of Directors, the Committee, in consultation with Senior Management (as appropriate), will oversee the implementation and ongoing monitoring of the Group's diversity policy and strategy, including:

- (a) the establishment of measurable objectives for achieving diversity;
- (b) the yearly review and reporting to the Board on diversity objectives and progress against those objectives, including the respective proportions of men and women on the Board, in senior executive positions and across the Group (including how "senior executive" is defined for these purposes);
- (c) the reporting of diversity objectives through the annual report and annual information from, and the monitoring of diversity objectives through, reports from Senior Management; and
- (d) the review, at least annually, of remuneration of gender, the relative proportion of men and women in the Group's workforce and the Group's progress in achieving diversity strategy.

PERFORMANCE OF SENIOR MANAGEMENT

The Committee will develop and recommend to the Board the process for evaluating the performance of the Company's senior management team, and ensure that performance of senior executives is regularly reviewed.

INDUCTION PROGRAM AND TRAINING AND DEVELOPMENT FOR DIRECTORS

The Committee should ensure each new Director undertakes an induction program which enables them to gain an understanding of:

- (a) the nickel production industry and the Group's operations;
- (b) the Group's financial, strategic, operational and risk management position;
- (c) the culture and values of the Group;
- (d) their rights, duties and responsibilities and those of Senior Management;
- (e) Board and Committee Meeting arrangements, including the role of Board Committees; and
- (f) constructive and respectful relations between Board members, and between the Board, Senior Management and other stakeholders.

The Committee will ensure that Directors have access to appropriate continuing training, development and education to update and enhance the skills and knowledge (including key developments within



the Group and within the nickel production industry) required to perform their role as directors effectively.

GENERAL

The Committee will undertake any other obligations referred to the Committee by the Board.

REVIEW OF CHARTER

The Committee will review this Charter periodically and, if necessary, recommend changes to the Board for approval.

APPROVAL AND ADOPTION

This Remuneration and Nomination Committee Charter was updated and approved by the Board on 8 January 2015. Any amendments to this Remuneration and Nomination Committee Charter are subject to approval by the Board.

Annexure A: Guidelines for executive and non-executive director remuneration (ASX principles and recommendations, 3rd edition)

GUIDELINES FOR EXECUTIVE REMUNERATION

Composition: remuneration packages for executive directors and other senior executives should include an appropriate balance of fixed remuneration and performance-based remuneration.

Fixed remuneration: should be reasonable and fair, taking into account the entity's obligations at law and labour market conditions, and should be relative to the scale of the entity's business. It should reflect core performance requirements and expectations.

Performance-based remuneration: should be linked to clearly specified performance targets. These targets should be aligned to the entity's short and long-term performance objectives and should be appropriate to its circumstances, goals and risk appetite.

Equity-based remuneration: well-designed equity-based remuneration, including options or performance rights, can be an effective form of remuneration, especially when linked to hurdles that are aligned to the entity's longer-term performance objectives. Care needs to be taken in the design of equity-based remuneration schemes, however, to ensure that they do not lead to "short-termism" on the part of senior executives or the taking of undue risks.

Termination payments: termination payments, if any, for senior executives should be agreed in advance and the agreement should clearly address what will happen in the case of early termination.⁴⁸ There should be no payment for removal for misconduct.

GUIDELINES FOR NON-EXECUTIVE DIRECTOR REMUNERATION

Composition: non-executive directors should be remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity).

Fixed remuneration: levels of fixed remuneration for non-executive directors should reflect the time commitment and responsibilities of the role.

Performance-based remuneration: non-executive directors should not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their objectivity.

Equity-based remuneration: it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders.⁴⁷ However, non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity.

Termination payments: non-executive directors should not be provided with retirement benefits other than superannuation.