

**REY RESOURCES LIMITED**  
**ACN 108 003 890**

**REMUNERATION AND NOMINATION COMMITTEE CHARTER**

Revised and approved by Board July 2012

**The Board has not established a Remuneration and Nomination Committee at this time. Until such time as the Board determines that it is appropriate to establish a Remuneration and Nomination Committee, the responsibilities of the Remuneration and Nomination Committee as set out in this Charter will be performed by the full Board.**

**1. General**

The Board of Rey Resources Limited (Company) has established a Remuneration and Nomination Committee. The Committee has authority from the Board to review and investigate any matter within the scope of its Charter and make recommendations to the Board in relation to the outcomes. The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters. The functions of the Committee do not relieve the Board of any of its responsibilities.

The purpose of the Committee is to assist the Board in discharging its responsibilities relating to the remuneration of Directors, executives and employees and the reporting thereof. The Committee also makes recommendations relating to the composition and performance of the Board.

**2. Purpose**

- 2.1 The purpose of the Remuneration and Nomination Committee is to assist the Board in the effective discharge of its responsibilities in relation to remuneration matters, nomination of directors and executives, and succession planning.
- 2.2 The Committee has authority from the Board to review and investigate any matter within the scope of its Charter and make recommendations to the Board in relation to its outcomes. The Committee has no delegated authority from the Board to determine the outcomes of its reviews and investigations and the Board retains its authority over such matters.

**3. Remuneration and Nomination Committee Composition**

- 3.1 The Committee shall consist of not less than three members, a majority of which will be independent non-executive Directors and will be chaired by the Chairman of the Board.
- 3.2 Members of the Board may attend meetings of the Committee and the Managing Director will attend meetings ex officio.
- 3.3 The Company Secretary shall be the Secretary of the Committee.
- 3.4 The Committee may invite any other individuals to attend meetings of the Committee, as it considers appropriate.

- 3.5 The Committee will meet without the Managing Director or any Senior Executive being present if the Committee Chairman considers it appropriate that members of management not be in attendance or while any matter relating to their conditions of employment, including remuneration and performance, is under discussion.

#### **4. Responsibilities**

##### **4.1 Size and Composition of Board**

The Committee will regularly review the size and composition (including skills, knowledge, diversity and experience) of the Board and Board Committees. The Committee will also make recommendations to the Board with regard to any appropriate changes.

The Committee will establish a process for assessment of Board and Board Committee performance.

##### **4.2 Nomination and Appointment of Directors and Senior Executives**

The Committee will be responsible for nomination of Directors and will provide oversight for the appointment of senior executives. The Committee will make recommendations to the Board in respect of Director and Senior Executive appointments. (Senior Executives are defined as the Managing Director and his direct reports.)

##### **4.3 Succession Plans of Directors, the Managing Director and Senior Executives**

The Committee will review succession plans for the Managing Director, Senior Executives and Directors to enable the Company to maintain an appropriate mix of skills, experience, expertise and diversity on the Board. The Committee will provide advice on succession planning to the Board.

##### **4.4 Remuneration**

4.4.1 The role of the Committee in relation to remuneration is to advise the Board on matters relating to the remuneration of the directors and senior executives and employees of the Company.

4.4.2 The Committee is responsible for:

- Making recommendations to the Board in relation to the appointment of Remuneration Advisors.
- Reviewing, determining and approving remuneration arrangements for the Managing Director and Senior Executives. In fulfilling this role, the Committee will have regard to the Company's remuneration policy to ensure that the structure of the remuneration package:
  - is market related and appropriate for the responsibilities of the role;
  - recognises and rewards performance; and
  - provides incentive and motivation for that person, as part of management, to pursue the long term growth and success of the Company within an appropriate control framework.

- Reviewing and approving the general remuneration framework and overall budget for employees of the Company, including administration and operation of the Company's incentive plans.
- Reviewing and supporting / approving the Company's recruitment, retention, succession and termination policies and procedures for senior management.
- Remuneration by gender.
- Making recommendations to the Board regarding the remuneration framework for directors, including in relation to:
  - the level of fees payable to each non-executive director within the maximum aggregate level of remuneration approved by shareholders;
  - any changes to the maximum aggregate level of remuneration for approval by shareholders;
  - the manner in which fees may be taken; and
  - any other applicable arrangements, including for example, payments of fees for special exertions, director expense claims and Committee fees.

#### 4.5 Remuneration Report

The Committee must approve the remuneration report to be published in the Company's Annual Report and seek assurance from management that other statutory reporting and disclosure requirements are being met.

#### 4.6 Evaluation of Managing Director

4.6.1 The Managing Director is the key employee of the Company in general and of the Board in particular. As such a special relationship exists between the Managing Director and the Board. A detailed Managing Director evaluation is undertaken annually by the Remuneration Committee, with the process co-ordinated by the Chairman.

4.6.2 The Managing Director evaluation will utilise both quantitative and qualitative measures. Evaluation will be judged against the approved strategic plan.

4.6.3 The Managing Director evaluation will occur around mid-year and the results will be reported to the Board at the next Board meeting following the evaluation. At this time, the Board and Managing Director will discuss and agree on goals (both quantitative and qualitative) for the upcoming year.

4.6.4 The Chairman of the Remuneration and Nomination Committee will provide a brief report for the full Board after discussion with the Managing Director. However, the performance of the Managing Director is a matter for full Board deliberation and is a separate agenda item at the relevant Board meeting.

## 5 Meetings

5.1 The Committee shall meet as frequently as required but not less than two times a year.

5.2 Any Committee member may call a meeting of the Committee.

5.3 At least three days' notice of each meeting confirming date, time, venue and agenda shall be forwarded to each member of the Committee.

- 5.4 A quorum of the Committee shall be two non-executive Directors. A decision is made by the Committee if it is unanimously supported by members who are present at the meeting.
- 5.5 Members of the Board may attend meetings of the Committee and the Managing Director will attend meetings ex officio.
- 5.6 The Secretary will keep minutes of proceedings and resolutions of the Committee together with copies of supporting papers. These records will be available to any Board member upon request.
- 5.7 The Committee will develop an Annual Program to meet its responsibilities.
- 5.8 The Committee Chairman, or his or her nominee, will report to the Board after each meeting of the Committee and copies of the minutes of each Committee meeting will be provided to members of the Board.

## **6 Access**

The Committee is granted unrestricted access to all levels of management and records as required to carry out its function.

## **7 Reporting and Assessment**

- 7.1 The Chairman of the Committee shall report to the Board on the Committee's performance on an annual basis. The performance of the Committee shall be measured against this Charter and other relevant criteria as approved by the Board.
- 7.2 The Remuneration and Nomination Charter shall be reviewed annually and revised as required. Any changes to the Charter will require approval of the Board.
- 7.3 The Committee will report to shareholders annually on the process the Board has adopted in searching for and selecting new directors to the Board. Such reporting shall include the Company's use of a skills matrix to identify gaps in skills and experience on the board; the process to identify and assess candidates; steps taken to ensure a diverse range of candidates is considered; and factors taken into account in the selection process.