



## **NOMINATION AND REMUNERATION COMMITTEE CHARTER**

### **1. Purpose**

- 1.1 The Nomination and Remuneration Committee (“the Committee”) is a committee of China Magnesium Corporation’s (“CMC”) Board (“the Board”). The Committee’s primary functions are to:-
- (a) Assess necessary and desirable competencies of Board members;
  - (b) Review Board succession plans;
  - (c) Evaluate the Board’s performance;
  - (d) Make recommendations to the Board on:
    - (i) executive remuneration and incentive policies;
    - (ii) remuneration packages of senior management;
    - (iii) CMC’s recruitment, retention and termination policies for senior management;
    - (iv) incentive schemes;
    - (v) superannuation arrangements; and
    - (vi) the remuneration framework for directors.

### **2. Membership and Term**

- 2.1 The Committee shall consist of a minimum of 3 directors, with a majority of non-executive directors.
- 2.2 Appointment to the Committee will be for one year or as determined by the Board.
- 2.3 A quorum shall be two members with a majority of non-executive directors or any greater number determined by the Committee from time to time.
- 2.4 The duties and responsibilities of a member of the Committee shall be in addition to those duties set out for a director of the Board.
- 2.5 Membership of the Board shall be disclosed in the annual report including whether a director is independent or non independent. Loss or gain of independence will be disclosed to the market immediately.

### **3. Chairman**

- 3.1 The Chairman of the Committee will be the person appointed as Chairman by the Board. Should the Chairman be absent from a meeting, the members of the Committee present at the meeting shall choose one of the other members of the Committee to Chair that particular meeting.

### **4. Frequency of Meetings**

- 4.1 The Chairman will call a meeting of the Committee as the Chairman determines, or as requested by any member of the Committee.

### **5. Committee Members' Interests**

- 5.1 A member of the Committee is not entitled to be present when his or her own salary or fee is discussed at a meeting or when his or her performance is being evaluated.

### **6. Secretary**

- 6.1 The Chairman shall provide a Secretary of appropriate skill and experience to each Committee meeting.

### **7. Voting**

- 7.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of directors present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 7.2 In the case of equality of votes, the Chairman of the meeting, in addition to his deliberative vote, has a casting vote.

### **8. Access**

- 8.1 The Committee shall have direct access to CMC's officers and advisers, both external and internal, and shall have the authority to seek whatever independent, professional or other advice it requires in order to assist it in meeting its responsibilities from outside the company.

### **9. Nomination Duties**

- 9.1 The duties of the Committee in relation to nomination matters, include:
- Determining the appropriate size and composition of the Board;
  - Setting a formal and transparent procedure for selecting new directors for appointment to the Board;
  - Developing criteria for selection of candidates for the Board in the context of the Board's existing composition and structure;
  - Making recommendations to the Board on the appointment and removal of directors;

- Developing a plan for identifying, assessing and enhancing director competencies;
- Developing a succession plan for the Board and regularly reviewing the plan;
- Reviewing the time required from a non-executive director and whether directors of the Board are meeting this requirement;
- Evaluating the performance of the Board and key executives;
- Ensuring that there is an appropriate induction programme in place for new directors and members of senior management and reviewing its effectiveness.

## **10. Remuneration Duties**

- 10.1 The duties of the Committee in relation to remuneration matters include:
- Determining remuneration policies and remuneration of directors;
  - Determining remuneration and incentive policies packages of key executives;
  - Determining CMC's recruitment, retention and termination policies and procedures for senior management;
  - Determining and reviewing incentive schemes;
  - Determining and reviewing superannuation arrangements of CMC;
  - Professional indemnity and liability insurance for directors and senior management;
  - Reviewing succession plans for senior management.
- 10.2 The Committee shall ensure that the Board and senior management are provided with sufficient information to ensure informed decision making.

## **11. Reporting**

- 11.1 Proceedings of all meetings are minuted and signed by the Chairman or the chair of the Committee. Minutes of all Committee meetings will be provided to the subsequent Board and Committee meeting.

## **12. Review of Charter**

- 12.1 This charter is to be reviewed by the Board to ensure it remains consistent with Board's objectives and responsibilities.

## **13. Publication of Charter**

- 13.1 A copy of this charter is available at <http://www.chinamagnesiumcorporation.com/investor-centre/corporate-governance>. This charter is to be made available to shareholders of CMC upon request.