

Remuneration and Nomination Committee Charter

1. MEMBERSHIP

The Committee must consist of:

- a) at least three members, all of whom are non-executive directors;
- b) a majority of independent Directors; and
- c) an independent Director as Chairman.

The Board will nominate the Chairman of the Committee from time to time.

The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Board members may attend Committee meetings at any time. Others, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee Chairman.

The Company Secretary must attend all Committee meetings as minute secretary.

2. RESPONSIBILITIES

2.1. Remuneration

The responsibilities of the Committee in respect of remuneration are as follows:

- a) Review and recommend to the Board arrangements for the Managing Director and the Managing Director's direct reports, including contract terms, annual remuneration and participation in the Company's incentive plans.
- b) Review and recommend to the Board short term incentive performance targets and bonus payments for the Managing Director and the Managing Director's direct reports.
- c) Approve major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group.
- d) Review and recommend to the Board major changes and developments in relation to the Company's equity incentive plans.
- e) Oversee the operation of the Company's employee equity incentive plans in place from time to time.
- f) Review and make recommendations to the Board on remuneration by gender and recommend strategies or changes to address any pay gap.
- g) Review and recommend to the Board the remuneration arrangements for the Chairman and the non-executive Directors of the Board, including fees, travel and other benefits.
- h) Review and recommend to the Board the remuneration report prepared in accordance with the Corporations Act 2001 (Cth) (**Corporations Act**) for inclusion in the annual directors' report.
- i) Approving the appointment of remuneration consultants for the purposes of the Corporations Act.
- j) Take appropriate action to ensure that the Committee, the Board and management have available to them sufficient information and external advice to ensure informed decision making regarding remuneration.
- k) Review and facilitate shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.

2.2. Nomination

The responsibilities of the Committee in respect of nomination are as follows:

- a) Assist the Board to develop a board skills matrix setting out the mix of skills, expertise, experience and diversity that the Board currently has or is looking to achieve in its membership.

- b) Review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and the Managing Director, having regard to the Board skills matrix and the Board objectives in relation to size and skills of the Board.
- c) Review and recommend to the Board the criteria for nomination as a Director and the membership of the Board more generally, including:
 - making recommendations for the re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves; and
 - assisting the Board to identify qualified individuals for nomination to the Board, in accordance with the policy outlined in Section 4.
- d) Assist the Board in relation to the performance evaluation of the Board, its Committees and individual Directors.
- e) Ensure that processes are in place to support Director induction and ongoing education and regularly review the effectiveness of these processes.
- f) In accordance with the Diversity Policy, the Committee will develop and recommend to the Board measurable objectives for achieving gender diversity.
- g) On an annual basis, review the Diversity Policy and its effectiveness by:
 - assessing any measurable objectives and the progress towards achieving them, including the effectiveness of any strategies aimed at achieving the objectives; and
 - reporting to the Board recommending any changes to the Diversity Policy, strategies or the way in which the objectives are implemented.
- h) On an annual basis:
 - review the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of the Group; and
 - submit a report to the Board, which outlines the Committee's findings or, if applicable, provide the Board with the Company's most recent indicators as required by the Workplace Gender Equality Act 2012.

3. REMUNERATION POLICY

In discharging its responsibilities, the Committee will have regard to the following policy objectives, to:

- a) ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and having regard to relevant Company policies;
- b) attract and retain skilled executives;
- c) structure short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
- d) ensure any termination benefits are justified and appropriate.

In the discharge of the Committee's responsibilities, no executive should be directly involved in determining their own remuneration.

The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any required shareholder approvals.

4. SELECTION AND APPOINTMENT OF NEW DIRECTORS

4.1. Policy

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

- a) the skills, experience, expertise and personal qualities that will best complement Board effectiveness and promote Board diversity having regard to:
 - the Board skills matrix; and
 - the existing composition of the Board;

- b) the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other board or executive appointments); and
- c) potential conflicts of interest, and independence.

4.2. Procedure

Detailed background information in relation to a potential candidate should be provided to all Directors.

The identification of potential Director candidates may be assisted by the use of external search organisations as appropriate.

Appropriate checks should be undertaken in relation to all potential candidates. This process may be assisted by the use of external organisation as appropriate.

An offer of a Board appointment must be made by the Chairman only after having consulted all Directors, with any recommendations from the Committee having been circulated to all Directors.

All new Board appointments should be confirmed by letter in the standard format as approved by the Board or the Committee from time to time.

5. RE-ELECTION OF DIRECTORS

Each year, the Committee will review each of the Directors who are seeking re-election in light of their independence, the result of their performance review, the Company's succession plans and any other factor considered relevant to the Director's contribution to the Board. On the basis of its review, the Committee will make a recommendation to the Board regarding whether to support the Director's re-election.

6. REVIEW OF CHARTER

The Board will periodically review the membership and charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

7. ADMINISTRATIVE MATTERS AND PROCEDURES

The proceedings of the Committee will be conducted in accordance with provisions set out in Attachment 1.

ATTACHMENT 1 – ADMINISTRATIVE MATTERS AND PROCEDURES

Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet at least once a year.

Meetings of the Committee may be held or participated in by conference call or similar means, and decisions made by circular or written resolution.

Quorum and Voting

The quorum is at least 2 members. Each member of the Committee will have one vote. The Committee Chairman will not have a casting vote. If there is a tied vote, the motion will be referred to the Board for resolution.

Secretary

The Company Secretary, or his or her delegate, must attend all Committee meetings as minute secretary.

Convening and Notice of Meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

Independent Advice

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require and at the Company's expense.

Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chairman, be presented at the next Board meeting. All minutes of the Committee must be entered into a minute book maintained for that purpose.

Reporting

The Committee Chairman will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors may, within the Board meeting, request information of members of the Committee.

Approved by Galaxy Resources Limited Board

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