



DRUMMOND
DRUMMOND GOLD LIMITED

ACN 124 562 849

Remuneration and Nomination Committee Charter

Drummond Gold Limited – Remuneration and Nomination Committee Charter

Introduction

The Board of Drummond Gold Limited (“the Company”) has established a Remuneration and Nomination Committee. The following Remuneration and Nomination Charter (the Charter) sets out the role, responsibilities, powers, authority and membership requirements of the Nominations Committee of the Company:

Remuneration and Nomination Committee Composition

The composition of the Remuneration and Nomination Committee consists of at least two non-executive Directors with a majority of its members being non-executive directors. The Remuneration and Nomination Committee may invite members of the management team to attend the meetings.

The Chairman of the Audit Committee shall be a non-executive director and shall be appointed by the Chairman of the Board. Membership of the Committee will be disclosed in the Annual Report.

Purpose

The purpose of the Remuneration and Nomination Committee (Committee) is to support and advise the Board in fulfilling their responsibilities in ensuring that:

- a) the board comprises individuals best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance; and
- b) the Company has remuneration policies and practices which enable it to attract and retain directors and executives who will best contribute towards achieving positive outcomes for shareholders;
- c) the Company fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executive and the general pay environment; and
- d) the Company remuneration and nominations comply with the ASX Listing Rules and Corporations Law of Australia.

Definition and Objectives of the Committee

The Committee is a Committee of the Board and other persons appointed by the Board from time to time.

The Committee is responsible for assisting the Board in relation to the appointment of members of the Board, its Management and for the review of the performance of such persons.

The Committee shall discharge its nomination responsibilities by:

- a) developing criteria for assessing the necessary and desirable skill sets of the Board members including experience, expertise, skills and performance of the Board and its committees.
- b) assessing the skills required to discharge competently the board’s duties having regard to the company’s performance, financial position and strategic direction;

- c) considering such factors as independence, complexity and size of operations, assessing the skills represented on the board by the non-executive directors and determines whether those skills meet the skills identified as required;
- d) regarding to the skills required and the skills already represented on the board, the committee will at identify suitable candidates for appointment to the Board or senior management positions;
- e) reviewing appropriate applications for positions of the Board and recommending individuals for consideration by the Board including appointment and re-election of Directors;
- f) reviewing the process for identifying suitable candidates which may include a search undertaken by an appropriately qualified independent third party acting on a brief prepared by the committee which identifies the skills sought; and
- g) conducting an annual review of the composition of the committee.

A majority of non-executive directors must agree to the appointment of a new director to the board.

The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

- a) executive remuneration and incentive plans:
 - (i) including, but not limited to, pension rights and compensation payments and any amendments to that policy proposed from time to time by Management;
 - (ii) review of the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
 - (iii) consideration of whether to seek shareholder approval of the executive remuneration policy;
 - (iv) overseeing the implementation of the remuneration policy; and
 - (v) review and approval of the total proposed payments from each executive incentive plan.

In respect of such executive remuneration, review the competitiveness of the Company's executive compensation programmes to ensure:

- (i) the programmes are attractive, with a view to ensuring the retention of corporate officers;
 - (ii) the motivation of corporate officers to achieve the Company's business objectives; and
 - (iii) the alignment of the interests of key leadership with the long term interests of the Company's shareholders.
- b) the remuneration packages for Management, Directors and the Managing Director (if any):
 - (i) consider and make recommendations to the Board on the entire specific remuneration for each individual of Management (including fixed pay,

incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy; and

- (ii) consider whether shareholder approval will be required;
- c) non-executive Director remuneration:
 - (i) in developing the structure, consider the Corporate Governance Principles and Recommendations, Recommendation 8.2:
 - i. non-executive directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or equity);
 - ii. non-executive directors should not participate in schemes designed for the remuneration of executives; and
 - iii. non-executive directors should not receive retirement benefits (other than statutory superannuation),
 - (ii) ensure that the fees for non-executive members of the Board are within the aggregate amount approved by shareholders;
 - (iii) overview the application of the Retirement Allowance for non-executive members of the Board;
 - (iv) provide, in the corporate governance section of the Annual Report, any departures from Recommendation 8.2 if necessary;
- d) the Company's recruitment, retention and termination policies and procedures for senior management;
- e) review incentive plans and share allocation schemes;
- f) superannuation arrangements; and
- g) remuneration of members of other Committees of the Board.

In determining the remuneration of the chief executive officer, senior management and any executive directors, the committee members are required to:

- a) review the executive remuneration policy contained in the Annual Report at least annually;
- b) consider the remuneration and other conditions of service of the chief executive officer, senior management and executive directors, if any;
- c) review the performance of the executive management team;
- d) make decisions on the remuneration of non-executive directors within the aggregate approved by shareholders in general meeting from time to time;
- e) at its discretion, consults appropriately qualified consultants for advice on remuneration and other conditions of service;
- f) fairly and responsibly rewards executives and other directors having regard to the performance of the Company, the performance of the executive and the general pay environment; and
- g) ensure compliance with the provisions of the ASX Listing Rules and Corporations Law of Australia.

Remuneration Policies

The Committee should design the remuneration policy in such a way that it motivates directors and management to pursue the long-term growth and success of the Company within an appropriate control framework and demonstrates a clear relationship between key executive performance and remuneration.

In performing its role, the Committee is required to ensure that the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration, contract provisions reflect market practice and targets and incentives are based on realistic performance criteria.

Approval

The Committee must approve the following prior to implementation:

- a) changes to the remuneration or contract terms of Executive Directors and direct reports to the Managing Director;
- b) the design of new, or amendments to current, equity plans or executive cash-based incentive plans;
- c) total level of award proposed from equity plans or executive cash-based incentive plans; and
- d) termination payments to Executive Directors or direct reports to the Managing Director, including consideration of early termination, except for removal for misconduct, termination payments to other departing executives should be reported to the Committee at its next meeting.

Access

The Committee shall have unlimited access to the external and internal auditors, and to senior management of the Company and any subsidiary. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees shall be instructed by the Board to co-operate fully in provision of such information.

The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company

Reporting to the Board

The Committee, through its Chairperson, reports to the Board at the earliest possible Board Meeting after each Committee Meeting. The report should include but is not limited to:

- a) any formal resolutions and recommendations;
- b) procedures for the selection and appointment of proposed Board and senior management representatives and for the monitoring of the performance of Board and senior managers;
- c) recommendation for the appointment or removal of a Board member or senior manager;
- d) any determination by the Committee relating to the independence of a proposed Board member;
- e) assessment of the performance of any Board member or senior manager;

- f) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action;
- g) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter;
- h) any assessment of:-
 - i. executive remuneration and incentive plans;
 - ii. remuneration packages for senior management, directors and the managing director (if any);
 - iii. non-executive director remuneration;
 - iv. the Company's recruitment and retention and termination policies and procedures for senior management;
 - v. incentive plans and share allocation schemes;
 - vi. superannuation arrangements;
 - vii. remuneration of members of other Committees of the Board; and
- i) recommendations for setting remuneration levels for directors, senior managers and Committees;

Meetings

The Remuneration and Nomination Committee meet as often as required but at least once a year. Minutes of proceedings and resolutions of the Committee meetings shall be kept by the Company Secretary and signed by the Chairman of the Committee.

Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.

If in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.