



Xanadu Mines Ltd

ACN114 249 026

NOMINATION AND REMUNERATION COMMITTEE CHARTER

1. INTRODUCTION

- 1.1 The Nomination and Remuneration Committee is a committee of the board of directors of Xanadu Mines Ltd (**Company** and, together with its controlled entities, the **Group**) (**Nomination and Remuneration Committee**).
- 1.2 The Board of directors of the Company (**Board**) have established the Nomination and Remuneration Committee in accordance with the Company's Constitution.
- 1.3 This Charter sets out the scope of the Nomination and Remuneration Committee's responsibilities in relation to the Company and the Group.

2. OBJECTIVES

- 2.1 The objectives of the Nomination and Remuneration Committee is to assist the Board to ensure that the Company:
 - a) has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgment to decisions regarding the composition of the Board;
 - b) has coherent remuneration policies and practices to attract and retain senior executives and directors who will create value for shareholders;
 - c) observes those remuneration policies and practices; and
 - d) fairly and responsibly rewards senior executives (**Group Executives**) having regard to the performance of the Group, the performance of the Group Executives and the general external pay environment.

3. NOMINATION AND REMUNERATION COMMITTEE COMPOSITION

- 3.1 The Nomination and Remuneration Committee must comprise:
 - a) at least three directors; and
 - b) all independent non-executive directors.
- 3.2 The Board will appoint the Chairperson and they may be the Chairperson of the Board.
- 3.3 The Nomination and Remuneration Committee will appoint a Secretary
- 3.4 The Board decides appointments, rotations and resignations within the Nomination and Remuneration Committee having regard to the ASX Listing Rules, the *ASX Corporate Governance Principles and Recommendations (3rd edition)* and the Company's Constitution.
- 3.5 Nomination and Remuneration Committee members may act by their alternate.

4. NOMINATION - RESPONSIBILITIES

- 4.1 The Nomination responsibilities of the Nomination and Remuneration Committee are:
 - a) identifying and recommending to the Board, nominees for membership of the Board including the Managing Director & Chief Executive Officer (**MD&CEO**);
 - b) recommending to the board the new director nominees for the next annual meeting of shareholders;

- c) identifying and assessing the necessary and desirable competencies and characteristics for Board membership, including:
 - i) skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors;
 - ii) diversity; and
 - iii) the extent to which the candidate would fill a present need on the Board;
- d) in making its recommendations, the Nomination and Remuneration Committee will consider:
 - i) the competencies and skills that the board considers to be necessary for the board, as a whole, to possess;
 - ii) the competencies and skills that the board considers each existing director to possess; and
 - iii) the competencies and skills each new nominee will bring to the boardroom (as per NI58-201, s.3.14
- e) establishing processes for identifying suitable candidates for appointment to the Board to ensure an appropriate mix of expertise, experience and succession
- f) ensuring that the Company:
 - i) develops and discloses a Board appointment process, which includes selection criteria having regard to the skills and experience outlined in the Group's *Diversity Policy* and the selection process for Group Executive positions;
 - ii) undertakes appropriate checks before appointing a person, or putting forward to its shareholders, a candidate for election, as a Director, including checks as to a candidate's character, expertise, education, criminal record and bankruptcy history;
 - iii) provides its shareholders with all material information relevant to a decision about whether or not to elect or re-elect a Director (including information regarding independence);
 - iv) has a written agreement with each Director and Group Executive setting out the terms of his or her employment; and
 - v) has, and discloses a summary of the main features of, a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively, particularly in relation to accounting and changes in accounting standards;
 - g) ensuring succession plans for Board and Group Executives are in place;
 - h) recommending the removal of Directors of the Board; and
 - i) any other responsibilities as determined by the Nomination and Remuneration Committee or the Board from time to time.

5. PERFORMANCE OF RESPONSIBILITIES

- 5.1 The Performance of Directors responsibilities of the Nomination and Remuneration Committee are:
- a) establishes and discloses a process for periodically evaluating the performance of the MD&CEO and Group Executives;
 - b) reviewing and approving corporate goals and objectives relevant to the MD&CEO's compensation, evaluating the MD&CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the MD&CEO's compensation level based on this evaluation (NP 58-201, s. 3.17)]
 - c) annually reviewing the performance of the CEO and Group Executives;

- d) establishes and discloses a process for periodically evaluating the performance of the Board, its Committees and individual Directors;
 - e) evaluates the performance of the Board, its Committees and individual Directors;
 - f) discloses in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with the process set out in clause 5.1(c);
 - g) reviewing whether the Directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and on Board Committees effectively and, where any gaps are identified, considering what training or development could be undertaken to fill those gaps;
 - h) regularly assessing the independence of Directors;
 - i) evaluating the performance of Directors before they stand for re-election; and
 - j) any other responsibilities as determined by the Nomination and Remuneration Committee or the Board from time to time.
- 5.2 Members of the Nomination and Remuneration Committee must not participate in any review or assessment of their own performance.
- 5.3 After consulting with the other Non-Executive Directors, the Nomination and Remuneration Committee will arrange for a suitable Non-Executive Director to conduct a performance evaluation of the Chairperson.
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6. REMUNERATION POLICIES AND PRACTICES

- 6.1 Director and Group Executive remuneration and incentive policies and practices must be performance-based and aligned with the Group's vision, values and overall business objectives.
- 6.2 Director and Group Executive remuneration and incentive policies and practices must be designed to:
- a) motivate the Directors and Group Executives to pursue the Group's long-term growth and success; and
 - b) demonstrate a clear relationship between the Group's overall performance and the performance of Directors and Group Executives; and
 - c) align the interests of Directors and Group Executives with the creation of value for shareholders.
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7. REMUNERATION RESPONSIBILITIES

- 7.1 The Remuneration responsibilities of the Nomination and Remuneration Committee are:
- a) reviewing and approving Board, Director and Group Executive remuneration and incentive policies and practices in line with relevant legislation and corporate governance principles relating to remuneration practices and employment policies, including the process by which any pool of Directors' fees approved by shareholders is allocated to Directors;
 - b) considering and approving each Executive Director's total remuneration having regard to executive remuneration and incentive policies;
 - c) determining if shareholder approval is needed for any change to remuneration of Directors or Group Executives;
 - d) reviewing and approving, on the recommendation of the CEO, the total remuneration and terms of employment, and any subsequent changes thereto, of direct reports of the CEO;
 - e) reviewing and approving on behalf of the Board any report on Group Executive remuneration that may be required and reporting to the Board as appropriate;
 - f) reviewing and approving the design and total proposed payments from any Group Executive incentive plan;

- g) reviewing and approving the proposed award to each Group Executive under the rules of any Group Executive incentive plan;
- h) reviewing and approving and keeping under review the performance hurdles for any Group Executive incentive plan;
- i) ensuring that if the Company has an Group Executive incentive plan, the Company:
 - i) has a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in the scheme; and
 - ii) disclose that policy or a summary of it;
- j) reviewing the remuneration of Non-Executive Directors for serving on the Board and any Committee (both individually and in total);
- k) reviewing superannuation arrangements for Directors, Group Executives and other employees;
- l) assessing whether there is any gender or other inappropriate bias with respect to the remuneration for Directors, Group Executives or other employees;
- m) recommending to the Board the remuneration, retirement and termination policies for Non-Executive Directors having regard to market trends and shareholder interests;
- n) ensuring the disclosure of any relevant information required in each Annual Report of the Company;
- o) any other responsibilities as determined by the Nomination and Remuneration Committee or the Board from time to time; and
- p) reviewing executive compensation disclosure before the issuer publicly discloses this information (NP 58-201, s. 3.17(c)].

and making recommendations to the Board in relation to the matters above.

8. NOMINATION AND REMUNERATION COMMITTEE MEETINGS

- 8.1 The Nomination and Remuneration Committee will meet as often as it considers necessary.
- 8.2 The quorum for a Nomination and Remuneration Committee meeting is two Nomination and Remuneration Committee members.
- 8.3 Nomination and Remuneration Committee meetings may be held by any technological means allowing its members to participate in discussions even if all of them are not physically present in the same place. A member who is not physically present but participating by technological means is taken to be present.
- 8.4 The Nomination and Remuneration Committee may invite anyone it considers appropriate to attend Remuneration Committee meetings.
- 8.5 The Nomination and Remuneration Committee must keep minutes of its meetings and shall report these regularly to the Board.
- 8.6 The Nomination and Remuneration Committee must disclose at the end of each reporting period the number of times that it met during the period and the individual attendances of its members at those meetings.

9. MINUTES OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS

- 9.1 The Nomination and Remuneration Committee must keep minutes of its meetings.
- 9.2 The Chairman of the Nomination and Remuneration Committee will regularly update the Board about the Nomination and Remuneration's activities. The minutes of each Nomination and Remuneration Committee meeting must be included in the papers for the next full Board

meeting after each meeting of the Nomination and Remuneration Committee, except if there is a conflict of interest.

- 9.3 Minutes must be distributed to all Nomination and Remuneration Committee members, after the Nomination and Remuneration Committee Chairperson has approved them.
- 9.4 The agenda and supporting papers are available to all Directors upon request to the Nomination and Remuneration secretary, except if there is a conflict of interest.

10. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- 10.1 The Nomination and Remuneration Committee may seek any information that it considers necessary to fulfil its responsibilities.
- 10.2 The Nomination and Remuneration Committee may seek professional advice from appropriate external advisers, at the Company's cost.
- 10.3 The Nomination and Remuneration Committee may engage and compensate any outside advisor that it determines to be necessary to permit it to carry its duties (NP 58-201 s. 3.16).
- 10.4 The Nomination and Remuneration Committee may meet with external advisers without Group Executives being present.

11. REVIEW AND CHANGES TO THIS CHARTER

- 11.1 The Nomination and Remuneration Committee will review this charter every two years or as required.
- 11.2 The Board may change this Charter from time to time by resolution.

12. APPROVED AND ADOPTED

- 12.1 This charter was approved and adopted by the Board on 20 July 2018.