

**LIGHTNING MINERALS LTD**  
**ACN 656 005 122**  
**("Company")**

**NOMINATION AND REMUNERATION POLICY**

**1. PURPOSE**

This Nomination and Remuneration Policy ("**the Policy**") regulates the manner in which the Directors and senior managers are remunerated for the provision of their services and the manner in which the Directors and Senior Managers are nominated.

**2. REMUNERATION AND NOMINATION POLICY**

2.1 The Company is committed to a responsible remuneration and nomination policy for its Directors and Senior Management. The Company recognises that to facilitate the effective functioning of the Board and to promote investor confidence, there should be a formal, rigorous and transparent process for the appointment and reappointment of directors to the Board.

2.2 The Policy must balance the objectives of the Company and its interest in attracting suitably qualified and experienced Directors and Senior Managers, and incentivising those individuals, whilst also continuing to deliver shareholder value and ensuring strong principles of management are met.

2.3 To achieve these policy objectives the Board will, on behalf of the Company:

- (a) assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
- (b) obtain advice as necessary in establishing salary levels;
- (c) review policies for senior executives' remuneration;
- (d) review the salary levels of senior executives and review any proposed remuneration increases;
- (e) approve the terms and conditions of employment for the CEO/MD;
- (f) regularly review the Company's recruitment, retention and termination policies and procedures for senior management;
- (g) regularly review the Company's incentive schemes;
- (h) regularly review the Company's superannuation arrangements;
- (i) develop and regularly review a policy on Board structure;

- (j) develop criteria for Board membership;
- (k) identify and screen specific candidates for nomination including performing appropriate checks on the person's character, experience, education, criminal record and bankruptcy history after getting their consent;
- (l) ensure there is an appropriate induction, orientation and, where necessary, training program in place, and that such training is tailored to new or incumbent directors' existing skills, knowledge and experience (including, where necessary, training on specific accounting matters or directors' legal duties and responsibilities), to position them to discharge their responsibilities effectively and to add value;
- (m) regularly assess whether the Company's directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues, and organise professional development for directors to address any knowledge gaps;
- (n) ensure that directors receive briefings on material developments in laws, regulations and accounting standards relevant to the Company;
- (o) review recommendations made by any of the Company's directors or senior management as to committee membership;
- (p) ensure there is an appropriate Board succession plan in place;
- (q) ensure the performance of the Board and its members is regularly reviewed;
- (r) develop an appropriate training and development program for Board members and senior management;
- (s) oversee management's succession planning including the CEO/MD and his/her direct reports;
- (t) assist the Chairman in advising Company officers and senior management about their performance and possible retirement;
- (u) review the policy in respect of tenure, remuneration and retirement of Directors;
- (v) identify core competencies for Board members and ensure that the Board has the skills and experience to effectively discharge its responsibilities;
- (w) identify and recommend new appointees to the Board based on their skills, competencies and experience and assess how candidates for the Board may contribute to the strategic direction of the Company;

- (x) develop a Board skills matrix and regularly review the matrix to ensure that it covers the skills needed to address existing and emerging business and governance issues relevant to the entity;
- (y) ensure that Board members have access to continuing education to update their skills and knowledge; and
- (z) recommend to the Board candidates for re-election or election to the Board at each annual general meeting.

### **3. COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE**

- 3.1 As at the date of the adoption of this Policy, the Company has not established a separate Remuneration and Nomination Committee.
- 3.2 Given the size of the Board and the Company's current operations as at the date of adoption of this Policy, it is considered that no efficiencies or other benefits would be gained by establishing a separate Remuneration and Nomination Committee. The Board will review this position on an ongoing basis as the Company grows. Prior to establishment of the Remuneration and Nomination Committee, the full Board will oversee matters usually the responsibility of a Remuneration and Nomination Committee.
- 3.3 Upon establishment, the Remuneration and Nomination Committee will be composed of three (3) members. It will, where possible, consist of a majority of independent directors and be chaired by a person who is not Chairman of the Board.
- 3.4 A director of a listed entity may only be characterised and described as an independent director if he or she is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.
- 3.5 A non-executive director is an independent director if they are a director who is not a member of Senior Management of the Company and who:
  - (a) is not a substantial shareholder of the Company, or an officer of, or otherwise directly associated with a substantial shareholder of the Company;
  - (b) has not been employed by the Company or a child entity of the Company or held the position of Director within the preceding three (3) years;

- (c) does not receive performance-based remuneration (including options or performance rights) from, or does not participate in an employee incentive scheme of the entity;
- (d) is not a material supplier, professional advisor, consultant or customer of the Company or a child entity of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of the Company within the preceding three (3) years;
- (e) is not, does not represent and has not been within the last three years an officer or employee of, or professional advisor to, a substantial holder;
- (f) is not a party to a material contractual relationship with the Company or a child entity of the Company other than as a Director of the Company;
- (g) has not served on the Board for a period of time which may materially compromise that Director's independence from management and substantial holders;
- (h) has no close personal ties (such as family, friendship or other social or business relationships) with any person who falls within any of the categories described in clauses 3.5(a) to 3.5(g) above; and
- (i) is free from any conflict of interest which may materially interfere with that Director's motivation to act in the best interest of the Company.

#### **4. FORMS OF REMUNERATION**

**4.1** The Board will approve the forms of remuneration to be offered to Directors, Senior Executives and employees of the Company. Such remuneration may include:

- (a) fixed remuneration, which shall be determined having regard to the profitability of the Company, relevant laws and/or regulations, industry standards, labour market conditions and the employee's attributes and experience; and
- (b) performance based remuneration or short term incentives, which may be linked to specific performance targets.

**4.2** No Director, Senior Executive or employee shall be responsible for determining their own remuneration, or the form of that remuneration.

#### **5. EMPLOYEE ENTITLEMENTS**

The Company shall comply with all legal, regulatory and industrial obligations in determining employees' entitlement to leave, including long service leave, personal, parental and annual leave.

## **6. TERMINATION PAYMENTS**

The Board shall approve all termination payments provided to all employees to ensure that such payments reflect the Company's remuneration policy and relevant regulatory and legal requirements.

## **7. DISCLOSURE- REMUNERATION**

- 7.1 Other than disclosure in the corporate governance statement in annual reports or disclosure required by law or regulatory or compliance requirements, remuneration information is confidential as between the Company and the Company's Directors and employees.
- 7.2 However, the Board shall formulate and disclose a policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.