



Straits

Nomination Committee Charter

Straits Resources Limited

ACN: 147 131 977

As at 1 September 2011

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1 Introduction

This is the Nomination Committee Charter for Straits Resources Limited (**Straits**). The charter governs the procedures of the Nomination Committee (**Committee**) and outlines the procedures and guidelines of nominating a candidate to the position of director on Straits' board of directors (**Board**).

2 Nomination Committee

The Committee is a committee of the Board. Its primary purpose is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the highest standards of governance by:

- assessing the skills and competencies required on the Board;
- from time to time assessing the extent to which the required skills are represented on the Board;
- establishing formal and transparent processes for the review of the performance of individual directors and the Board as a whole;
- establishing formal and transparent processes for the identification of suitable candidates for appointment to the Board;
- recommending the appointment and removal of directors and members of the Board's committees;
- ensuring that Straits has in place programmes for the effective induction of new directors;
- ensuring that Straits has appropriate policies regarding the ongoing training and upskilling of existing directors;
- making annual determinations on the independence and status of all directors in accordance with Straits' independent director standards; and
- considering whether succession plans are in place to maintain an appropriate mix of skills, experience, expertise, and diversity on the Board.

2.1 Composition

(a) General

The Committee will comprise at least three members, a majority of whom must be independent, non-executive directors. The Board will confirm the membership of the Committee annually. The Board will appoint one of the Committee members as chair. The chair of the Committee must be an independent director.

(b) Removal or resignation

If a member of the Committee retires, is removed or resigns from the Board, that member ceases to be a member of the Committee. The Board will appoint the replacement for any such member of the Committee.

(c) Committee may invite

The Committee, if considered appropriate, may invite any executive management team members, Straits' advisers or other individuals to attend meetings of the Committee.

(d) Secretary

The Company Secretary will be the secretary of the Committee.

2.2 Meetings

(a) Frequency

The Committee will meet as frequently as required.

(b) Calling meeting and notice

Any Committee member may call a meeting of the Committee. A notice of each meeting confirming the date, time, venue and agenda will be forwarded to each member of the Committee (with a copy to all Board members) in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

(c) Advice

The Committee may receive assistance from employees of Straits and may have access to professional advice from appropriate external advisers. The Committee may meet with these external advisers without management being present.

(d) Report to the Board

The chair of the Committee, or delegate, will report to the Board following each meeting.

(e) Minutes

Minutes of proceedings and resolutions of Committee meetings will be kept by the secretary. Minutes will be distributed to all Committee members and the chair of the Board, after the Committee chair has given

their preliminary approval, and will be confirmed at the following meeting of the Committee. Minutes, agenda and supporting papers, will be made available to any director upon request to the secretary, providing no conflict of interest exists.

(f) **Quorum and voting**

A quorum will comprise any two independent non-executive director Committee members. In the absence of the Committee chair or appointed delegate, the members will elect one of their number as chair for that meeting.

Each member will have one vote and the chair of the Committee will not have a second or casting vote.

3 Duties and responsibilities

3.1 Current board

(a) **Skill requirements**

The Committee will periodically assess the skills required to discharge the Board's duties, having regard to the strategic direction of Straits, and report the outcome of that assessment to the Board.

The Committee will, as and when it considers appropriate, but in any event whenever an existing non-executive director retires, assess the skills represented on the Board by the non-executive directors and determine whether those skills meet the required skills as identified.

(b) **Skill enhancement**

The Committee will make recommendations to the chair of the Board on means by which skill levels of existing non-executive directors can be enhanced. The Committee will also ensure that Straits has appropriate policies regarding ongoing training and upskilling of existing directors.

3.2 New candidates

(a) **Candidate identification**

The Committee will develop a succession planning methodology and review plans for Board member development to ensure organisational safety with respect to succession planning.

Having regard to the skills required and the skills represented, the Committee will implement a process for the identification of suitable candidates for appointment to the Board of non-executive directors.

In determining the process for the identification of suitable candidates, the Committee will ordinarily ensure that a search is undertaken by an appropriately qualified independent third party acting on a brief prepared by the Committee which identifies the skills sought.

The Committee will make recommendations to the Board on candidates it considers appropriate for appointment.

(b) **Re-nomination of retiring non-executive directors**

The Committee will inform the Board of the names of non-executive directors who are retiring in accordance with the provisions of the constitution and will make recommendations to the Board as to whether the Board should support the re-nomination of that retiring director.

In order to make these recommendations, the Committee will review the retiring non-executive director's performance during the period in which the non-executive director has been a member of the Board. The Committee will conduct that review by whatever means it considers appropriate.

A member of the Committee will not participate in the review of his or her own performance.

3.3 Appointment of directors

Once the Board, after reviewing the recommendations provided by the Committee, has decided to appoint a new candidate to non-executive director, Straits will provide a letter of appointment and relevant documents to the new non-executive director. The Committee will be responsible for the terms of engaging of Board members, other than in relation to remuneration.

3.4 Induction procedure

There are many issues, procedures and policies that a new non-executive director of Straits will need to be aware of and understand. Therefore, it is important for Straits to have an induction procedure. To assist a new non-executive director in his or her induction. Straits will follow an induction procedure as approved by the Committee from time to time.

3.5 Disclosure

In order to maintain transparency, the role of the Committee is to be fully and fairly reported.

Consistent with the above disclosure policy, the Committee will review all public disclosures and statements concerning the subject matter of this policy including disclosures in:

- ASX filings;
- the annual report; and
- press releases.

The Committee will ensure that any notice of meeting containing a resolution for the election of a director is appropriately framed and includes a statement by the Board as to whether it supports the nomination of the proposed candidate for election, and any other information that investors might reasonably need in order to make an informed decision about the relevant candidate.

4 Evaluation process

A performance evaluation process applies to:

- the Board;
- Board committees; and
- individual directors.

The objective of this process is to add value to the contribution made by each director and the Board, rather than to merely implement a checklist approach.

The Committee will develop its own processes and procedures for the evaluation process.

5 Review

The Committee will review its performance and compliance with its terms of reference on an annual basis.

The Committee must conduct an annual review of this charter and recommend amendments to the Board if necessary. The Board must approve any such amendments to this charter.

The Committee will be accountable to the Board, regularly update the Board about the Committee's activities, and make appropriate recommendations to the Board as required.