

TALISON LITHIUM LIMITED
ACN 140 122 078



**CORPORATE GOVERNANCE, APPOINTMENTS AND
REMUNERATION COMMITTEE CHARTER**

1. Introduction

The Corporate Governance, Appointments and Remuneration Committee (**Committee**) of the board of directors (**Board**) of Talison Lithium Limited (**Company**).

2. Membership

2.1 Number of Members

The Committee shall consist of such number of members (at least three) as are appointed from time to time by the Board.

2.2 Independence of Members

Unless otherwise determined by the Board, the Committee shall be composed of a majority of directors who have no direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of such director's independent judgement, and are otherwise independent as determined in accordance with the meaning of the provisions of National Policy 58-201 – *Corporate Governance Guidelines* and, as and when the Company is listed on ASX, in accordance with the ASX Corporate Governance Principles and Recommendations, subject to any exemptions or relief that may be granted from such requirements.

2.3 Chairman

The Board shall appoint the Chairman of the Committee.

2.4 Term

The members of the Committee shall be appointed annually by the Board, on recommendation of the Corporate Governance, Appointments and Remuneration Committee following the annual general meeting of shareholders.

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. The Board may, by resolution, at any time, remove any member of the Committee, with or without cause, add to or otherwise change the membership of the Committee.

3. Meetings

Except as otherwise provided in this charter, the rules and regulations relating to the calling and holding of and proceedings at meetings of the Committee shall be those, making allowance for the fact that it is a committee, that apply to meetings of the Board, subject to such modifications as may, from time to time, be determined by resolution of the Committee. Until otherwise determined by resolution of the Board:

- a) the quorum for meetings of the Committee shall be two of its members;
- b) the Committee will meet as often as necessary, but at least twice a year;
- c) the Chair of the Committee must call a meeting of the Committee if so requested by any Committee member, the CEO or the Company Secretary; and
- d) the Committee may invite other persons, such as internal specialists or external advisers, to attend meetings if considered appropriate by the Chair of the Committee.

4. Minutes

Minutes shall be kept of all meetings of the Committee and be circulated to members of the Board by the Corporate Secretary.

5. Duties and responsibilities

The Committee shall have all the powers and duties conferred on it by the laws governing the Company and such other powers and duties as may be conferred on it from time to time by resolution of the Board. In addition to the foregoing powers and duties, the Committee shall have the following duties and responsibilities:

Corporate governance responsibilities

- a) Developing the Company's approach to corporate governance issues, including the following:
 - i. conducting a periodic review of the Company's corporate governance policies and making policy recommendations aimed at enhancing Board and committee effectiveness. The Committee shall review overall governance principles, monitor disclosure and best practices of comparable and leading companies, and bring forward to the Board a list of corporate governance issues for review, discussion or action by the Board or a Committee thereof;
 - ii. overseeing the Code of Business Conduct and Ethics, policies on conflicts of interests, ethics and foreign corrupt practices;
 - iii. recommending procedures to permit the Board to meet on a regular basis without management or non-independent directors present;
 - iv. reviewing the disclosure in the Company's public disclosure documents relating to corporate governance practices and prepare recommendations to the Board regarding any other reports required or recommended on corporate governance;
 - v. proposing agenda items and content for submission to the Board related to corporate governance issues and providing periodic updates on recent developments in corporate governance to the Board; and
 - vi. conducting a periodic review of the relationship between management and the Board, particularly in connection with a view to ensuring effective communication and the

provision of information to directors in a timely manner.

- b) Developing and implementing the corporate communications policies.
- c) Receiving reports from the Chief Executive Officer (**CEO**) regarding breaches of the Code of Business Conduct and Ethics, and in turn reporting those breaches to the Board. The Committee shall review investigations and any resolutions of complaints received under the Code and report annually to the Board.

Appointments responsibilities

- d) Maintaining the succession plan for the Company to ensure the Board and management have the appropriate skill and experience required to succeed in their positions.
- e) Maintaining procedures for the identification, recruitment and selection of qualified candidates and appointment of directors and identifying individuals qualified to become Board members. Assessing the competencies, skills, independence and performance of existing directors, and recommending to the Board nominees for appointment and election to the Board.
- f) Under the supervision of the Chairman or Lead Director, as applicable, regularly reviewing the effectiveness, size and composition of the Board and making recommendations to the Board, at least on an annual basis, with regard to any appropriate changes, taking into consideration the current independence, strengths, competence, skills and experience of Board members and directors whose term of office is expiring, and the strategic direction of the Company.
- g) Annually ensuring sufficient orientation procedures are in place to enable new directors to operate effectively from the beginning of their appointments, and, where necessary, recommending changes to the Board.
- h) Annually ensuring sufficient continuing education programs are in place for all Board members and, where necessary, recommend changes to the Board.
- i) Considering and articulating the time needed to fulfill the role of Chairman and non-executive director.
- j) Developing and implementing a plan for identifying, assessing and enhancing director competencies.
- k) Establishing procedures for the Committee to oversee the evaluation, on an ongoing basis, of the performance of the Board, the committees of the Board and each director, including an assessment of whether each director has devoted sufficient time to their duties. In connection with these evaluations, each director will be requested to provide his or her assessment of the effectiveness of the Board and each committee, as well as the performance of the individual directors. These evaluations should take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.
- l) Reviewing annually the Board of Directors Charter and the charters for each Committee of the Board, together with the position descriptions of each of the Chairman of the Board and Committee Chairmen, and, where necessary, recommending changes to the Board. The Committee shall review and recommend the appropriate structure, size, composition, charter and members for the committees, and recommend for Board approval the appointment of each to Board committees. In addition, the Committee shall recommend procedures to ensure that the Board and the committees function independently of management.

Remuneration responsibilities

- m) Making recommendations to the Board with respect to an appropriate remuneration policy for the CEO, other key executives and executive Directors which:
 - i. motivates Directors and management to pursue the long-term growth and success of the Company within an appropriate control framework; and
 - ii. demonstrates a clear relationship between CEO and key executive performance and remuneration.
- n) Reviewing and approving corporate goals and objectives relevant to CEO compensation.
- o) Evaluating the CEO's performance in light of those corporate goals and objectives, and making recommendations to the Board with respect to the CEO's compensation level based on its evaluation.
- p) Evaluating the CEO's compensation against the compensation packages paid to the chief executive officers of comparable mining companies.
- q) Regularly reviewing each compensation plan in its entirety to determine if the individual parts serve the purpose of providing the right incentives to executives and Directors and if the plan is reasonable on the whole.
- r) Regularly reviewing and making recommendations to the Board regarding the remuneration packages of the CEO and other key executives and executive Directors, to ensure that such remuneration packages are consistent with, and properly structured to enhance, long-term shareholder value and ensuring that executive remuneration packages involve a balance between fixed and incentive pay reflecting individual performance and short and long-term performance objectives appropriate to the Company's circumstances and goals.
- s) Ensuring that incentive compensation plans have the overriding purpose of motivating and retaining qualified individuals without being unduly generous.
- t) Ensuring that a proportion of the executive Directors' remuneration is structured in a manner designed to link rewards to corporate and individual performance.
- u) Making recommendations to the Board with respect to the quantum of bonuses to be paid to key executives and ensuring that all perquisites reflect a justifiable corporate need and are able to stand on their own merits under a cost-benefit analysis.
- v) Approving any new contract of employment for an officer of the Company.
- w) Ensuring that salaries reflect the requirements of the marketplace and attract and retain the skills and abilities required.
- x) Ensuring non-executive Directors are remunerated appropriately (in the form of cash, non-cash benefits, superannuation contributions, deferred share units or equity) to act in the best interests of shareholders.
- y) Ensuring that non-executive Directors are not provided with retirement benefits other than statutory superannuation.
- z) Making recommendations to the Board with respect to the implementation and operation of equity-based incentive plans and other employee benefit programs.

- aa) Ensuring that employee incentive schemes are designed around appropriate performance benchmarks that measure relative performance and provide rewards for materially improved company performance.
- bb) Ensuring that the Committee acts as the sole body instructed and authorized to exercise any power of discretion vested in the Board under and share option or bonus or incentive schemes of whatever nature established for the benefit of employees of the Company from time to time.
- cc) Ensuring that the performance of each key executive is evaluated at least annually.
- dd) Determining and regularly reviewing the Company's termination policies, including the Company's policy in relation to the compensation agreed to be paid to any executive Director or other key executive in connection with the termination of employment, and, where appropriate, office as Director.
- ee) Ensuring that termination payments for the CEO and other key executives are agreed in advance, including detailed provisions in case of early termination, except for removal for misconduct.
- ff) Ensuring that change of control and severance compensation arrangements are reasonable, will not entrench management, and will enable management to continue making decisions in the best interests of the Company and its shareholders regardless of their own welfare in the event of a successful takeover, while also ensuring that such compensation shall only be available in the event of a job loss or significant demotion (and not available where an individual would continue to be employed in the same or a similar capacity as such individual was in prior to the occurrence of the triggering event).
- gg) Ensuring that employment agreements include a clear articulation of performance expectations.
- hh) Ensuring that consideration is given to the consequences of an appointment not working out, and to the costs and other impacts of early termination.

Miscellaneous

- ii) Assisting the Chairman or Lead Director, as applicable, in carrying out his/her responsibilities.
- jj) Reviewing annually the adequacy of directors and officers indemnity and insurance coverage.

6. Appointments principles

When considering matters related to nomination, the members of the Committee will have regard to the following principles:

- a) assess the skills required to discharge competently the Board's duties having regard to the Company's performance, financial position and strategic direction;
- b) as and when they consider it appropriate take into account such factors as independence, complexity and size of operations, assess the skills represented on the Board and determine whether those skills meet the skills identified as required;
- c) have regard to the skills required and the skills already represented on the Board; and

- d) take account of any succession planning issues or strategies for the ongoing effective performance of the Board as a whole.

7. Director appointment procedure

In the event that the need for an additional director or member of senior management is recognized:

- a) the Committee and/or Board determine the required skilled set, relevant expertise and experience, having consideration of the current Board composition and size and shareholder structure of the Company;
- b) the Committee and/or Board identify potential candidates, possibly with assistance from external agencies and/or advisors;
- c) the Company Secretary provides the Board with the biographical details, relationship between the candidate and the company and/or directors, directorships held, skills and experience, details of other positions which involve significant time commitment and any other particulars required by law for any candidate for appointment to the Board;
- d) the Board develops and agrees on a preferred candidate;
- e) the Chairman of the Board approaches the preferred candidate to canvass interest, availability and terms of appointment; and
- f) the Chairman and the Company Secretary finalise a letter of appointment for Board approval.

8. Remuneration principles

The members of the Committee shall refer to the following principles when developing recommendations to the Board regarding remuneration:

- a) ensure that coherent remuneration policies and practices are observed which enable the attraction and retention of directors and management who will create value for shareholders;
- b) fairly and responsibly reward directors and senior management having regard to the Company's performance;
- c) comply with all relevant legal and regulatory provisions.

9. Remuneration packages for executive directors, officers and employees

Remuneration may incorporate fixed and variable pay performance elements with both short term and long term focus.

Remuneration packages may contain any or all of the following:

- a) annual base salary - with provision to recognise the value of the individuals' personal performance and their ability and experience;
- b) rewards, bonuses, special payment and other measures available to reward individuals and teams following a particular outstanding business transaction;
- c) share participation via employee share/option schemes;
- d) other benefits such as holidays, sickness benefits, superannuation payments and long service benefits; and

- e) reimbursement for any expenses incurred in the course of the individual's duties.

10. Remuneration packages for non executive directors

The remuneration of non-executive directors is primarily related to the long term performance of the Company.

Non-executive directors will generally be remunerated by way of fees. The maximum total amount of fees to be paid to non executive directors is determined by shareholders. Non executive directors will generally not receive option or bonus payments, or retirement benefits other than superannuation.

11. Executive compensation comparator group

As part of the compensation assessment responsibilities, the Committee intends to conduct an annual comparison of the Company's executive compensation packages against those awarded by a comparator group of other mining companies that are listed on the TSX and, as and when the Company is listed on ASX, on ASX.

The comparator group will include metal and diversified mining companies of a similar size, market capitalization and production capacity, but may also be modified to reflect factors such as geographic location, particular business lines or a comparable position.

The Committee may use third party consultants and surveys to gather the comparable market data.

The Committee will consider the data collected to provide an initial reference point for determining future compensation levels.

12. Reports to the Board

The Committee shall report to the Board as follows:

- a) The Chairman of the Committee must report the findings and recommendations of the Committee at the next Board meeting following each meeting of the Committee.
- b) The Chairman of the Committee must submit an annual report to the Board summarizing the Committee's activities during the year and the related significant results and findings.
- c) The Committee must approve the details to be published in the Company's Annual Report, management information circular to shareholders, or any other statutory report or document with respect to the activities and responsibilities of the Committee.
- d) The Committee may call a meeting of the Board to consider any matter of concern to the Committee.

13. Access to information

In its discharge of the foregoing duties and responsibilities, the Committee shall have the authority to communicate directly with and seek any information it requires from any officer or employee of the Company or its subsidiaries and such officers or employees shall be instructed by the Board or its subsidiaries employing them to respond to such enquiries.

14. Independent advisors

The Committee shall have the authority to engage such independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes and to set and cause to be paid by the Company the compensation of any such counsel or advisors.

Prior written approval of the Chairman of the Board is required before obtaining professional advice, but will not be unreasonably withheld.

15. No rights created

This charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's constitution, it is not intended to establish any legally binding obligations.

Adopted: November 10, 2009