

ZOLTAV RESOURCES INC
(the “Company”)
TERMS OF REFERENCE OF THE REMUNERATION AND NOMINATION COMMITTEE
(the “Committee”)

Approved by the Company’s Board of Directors on 19 October 2018

1. INTRODUCTION

The QCA Corporate Governance Code (the “Code”) states that *“Remuneration arrangements should be aligned to support the implementation of company strategy and effective risk management for the medium to long-term. It is the role of the remuneration committee to ensure this is done and to take into account the views of the shareholders. Remuneration policy should ensure that it encourages and rewards the right behaviours, values and cultures. Any risk it creates should be acceptable to the committee.....The nomination committee should ensure there is a robust process for the appointment of new board directors.”*

2. TERMS OF REFERENCE TO BE MADE AVAILABLE

- 2.1 The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board.
- 2.2 The requirement to make this information available would be met by making such information available on request and including the terms of reference and such explanation on the Company’s website.

3. MEMBERSHIP

- 3.1 Members of the Committee shall be appointed by the Board and shall be made up of at least two members who shall be independent of the executive directors and senior management team.
- 3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Chief Financial Officer and external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 3.3 In deciding chairmanship and membership of the Committee, the value of ensuring that Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.
- 3.4 All appointments to the Committee shall be for a period of one year.
- 3.5 The Committee Chairman shall be appointed by the Board.
- 3.6 If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as his alternate.

4. SECRETARY

The company secretary or their nominee shall act as the secretary of the Committee and shall attend all of its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees as appropriate) all information and papers in a timely manner to enable them to be give full and proper consideration to the issues.

5. QUORUM

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. All reasonable efforts shall be made to give notice of meetings of the Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend. No member of the Committee shall attend or form part of the quorum in relation to any appointment in which he/she has a personal interest.

6. FREQUENCY OF MEETINGS

The Committee shall meet as frequently as the Committee Chairman shall require and also at regular intervals to deal with routine matters and, in any event, not less than once in each financial year. Any member of the Committee may request a meeting if he/she considers that one is necessary or expedient.

7. NOTICE OF MEETINGS

7.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Committee Chairman or any member of the Committee.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. COMMITTEE CHAIRMAN

In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Committee Chairman (or chairman of the relevant meeting) shall have a casting vote on all matters in the event of an equality of votes.

9. MINUTES OF MEETINGS

9.1 The company secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

9.2 The company secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless it would be inappropriate to do so.

10. ANNUAL GENERAL MEETING

The Committee Chairman may attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities.

11. DUTIES

11.1 The members of the Committee have the following specific duties as regards their membership of the Committee. In carrying out these duties, members of the Committee may also choose to consult the Code.

11.2 REMUNERATION MATTERS

With respect to remuneration matters, the Committee shall:

As regards determining and monitoring policy on and setting levels of remuneration

- (a) determine and agree with the Board the framework or broad policy for setting remuneration for the Chief Executive, the chairman, all executive directors, the Chief Financial Officer and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors (including members of the Committee) shall be a matter for the chairman and the executive members of the Board (or where required by the Company's articles of association, the shareholders). No director or manager shall be involved in any decisions as to their own remuneration;
- (b) in determining policy on executive remuneration, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully. A significant proportion of executive director' remuneration should be structured so as link awards to the directors' individual contributions and the success of the Company;
- (c) keep under review the appropriateness and relevance of the remuneration policy;
- (d) within the terms of the agreed policy, have delegated responsibility for setting the total individual remuneration package of all executive directors and the chairmen including, where appropriate, pension rights and any bonuses, incentive payments, share options or other share awards;
- (e) recommend and monitor the level and structure of remuneration for senior management;
- (f) consult with the chairman and/or Chief Executive about the Committee's proposals relating to the individual remuneration packages of other executive directors;
- (g) oversee any major changes in employee benefit structures throughout the Company or group;
- (h) review and note annually remuneration trends and employment conditions across the Company or group;
- (i) obtain reliable, up-to-date information about remuneration in other companies with a view to determining where to position the Company relative to other companies;
- (j) in agreeing the policy for the level and make-up of remuneration and in determining total remuneration packages and arrangements of executive directors and other senior managers, give due regard to any relevant requirements, provisions and recommendations of the Code;

- (k) obtain information on the remuneration of any employee of a group company;

As regards contracts of employment

- (l) to consider and (if appropriate) approve any contract of employment within the Company's group which has an initial term of two years or more taking into account any period of notice required to terminate such contract;
- (m) to consider and (if appropriate) approve any contract of employment which requires more than 12 months' notice to determine unless it does not require approval pursuant to (j) above;
- (n) to consider and (if appropriate) approve any new contract of employment within the group where the total remuneration and benefits payable to an employee in respect of salary, including guaranteed bonus would exceed USD100,000 (or its equivalent) per annum or the gross amount of compensation (ignoring mitigation or any other factors reducing the amount payable) on termination of any such contract would exceed USD100,000 (or its equivalent);

As regards early termination

- (o) determine the Company's policy in relation to compensation agreed to be paid to any executive director or other senior managers in connection with early termination of employment and, where appropriate, office as director;
- (p) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

As regards performance-related pay

- (q) consider and (if appropriate) approve the design of and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- (r) ensure that the performance-related elements of the executive directors' remuneration are stretching and designed to promote the long-term success of the Company;
- (s) review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made and if so, the overall amount of such awards, the individual awards to executive directors and other senior management and the performance targets to be used;
- (t) ask the Board, when appropriate, to seek shareholder approval for all new long term incentive schemes (as defined in the Listing Rules) as well as any significant changes to existing schemes, save in the circumstances permitted by the Listing Rules;
- (u) consider whether the directors should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;
- (v) consider whether directors should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long-term incentive schemes;

As regards pension arrangements

- (w) determine the policy for and scope of pension arrangements for each executive director and other senior executives and consider the pension consequences and allocated costs to the Company of basic salary increases and other changes in remuneration especially for directors close to retirement;

As regards authorising claims for expenses from the Board

- (x) agree the policy for authorising claims for expenses from the Board;

As regards reporting and disclosure

- (y) produce the statement required to be included in the annual report of the Company identifying the membership of the Committee and the frequency of, and attendance by members at, Committee meetings over the course of the year;
- (z) produce the statement required to be included in the annual report describing how annual performance evaluation of the board, its committees and individual directors has been conducted;

As regards remuneration of consultants

- (aa) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms for any remuneration consultants who advise the Committee, at the Company's expense;
- (bb) where remuneration consultants are appointed, make a statement available of whether they have any other connection with the Company.

In general

- (cc) to consider other matters as referred to the Committee by the Board; and
- (dd) any area within its remit where action or improvement is needed.

11.3 NOMINATION MATTERS

With respect to nomination matters, the Committee shall:

As regards general:

- (a) lead the process for Board appointments and make recommendations to the Board;
- (b) develop and regularly review the Company's overall approach to governance practices, implement and administer the governance system and propose such procedures and policies to ensure Company's commitment to high standards of corporate governance;
- (c) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board (with particular regard to the balance of executive and non-executive directors, including independent non-executives) compared to its current position and make recommendations to the Board with regard to any changes and externally facilitate review of the Board at least once every three years;

- (d) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- (e) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (f) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;

As regards appointments:

- (g) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (h) before any appointment is made, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- (i) In identifying suitable candidates the Committee shall:
 - (i) consider candidates from a wide range of backgrounds;
 - (ii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position; and
 - (iii) consider that no individual should be appointed to a second chairmanship of a listed company and a full time executive director should not take on more than one non-executive directorship in a listed company nor the chairmanship of such a company;
- (j) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them and in terms of time commitment, committee service and involvement outside Board meetings;
- (k) review the results of the Board performance evaluation process that relate to the composition of the Board
- (l) ensure that the Company maintains contact as necessary with its major shareholders about appointments to the Company;
- (m) ensure, in conjunction with the chairman of the Board, that new directors receive a full, formal and tailored induction;

As regards the appointment of the chairman of the Board:

- (n) for the appointment of chairman of the Board, prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A candidate's other significant commitments should be disclosed to the Board before appointment (and also included in the annual report). Any changes to the chairman's commitments should be reported to the Board as they arise;

As regards conflicts:

- (o) as requested from time to time by the company secretary or his nominee, to consider all matters relating to directors and conflicts of interests with the Company including, but not limited to, new potential or actual situations that may lead to a conflict and existing situations where circumstances may have changed or be about to change and to make recommendations to the Board; and

As regards disclosure:

- (p) make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.

11.4 **RECOMMENDATIONS TO THE BOARD**

The Committee shall also make recommendations to the Board concerning:

As regards general:

- (a) any area within its remit where action or improvement is needed;

As regards appointments:

- (b) the appointment of any director to executive or other office;
- (c) suitable candidates for the role of senior independent directors;

As regards audit committee membership:

- (d) the membership of the Audit Committee, in consultation with their chairmen;

As regards succession planning:

- (e) plans for succession for both executive and non-executive directors (and in particular for the key roles of chairman and chief executive) and to this end, in the course of its work, give full consideration to succession planning with regard to both Board and senior management appointments, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;

As regards re-appointments:

- (f) the re-appointment of any non-executive director at the conclusion of his or her specified term of office, having due regard to their performance and ability to contribute to the Board in the light of the balance of knowledge, skills and experience required;
- (g) the continuation (or not) in service of any director who has reached the age of 70;
- (h) the re-election by shareholders of any director, having due regard to their performance and ability to contribute to the Board in the light of the balance of knowledge, skills and experience required;

- (i) any matters relating to the continuation in office as a director of any director at any time including the suspension or termination of service of an executive director as employee of the Company, subject to the provisions of law and their service contract;

As regards reporting and disclosure:

- (j) the statement required to be included in a separate section of the annual report of the Company (i) describing the work and activities of the Committee and (ii) describing the process used in relation to Board appointments, and providing an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chairman or non-executive director;
- (k) the statement required to be included in the annual report of the Company identifying the membership of the Committee, number of Committee meetings held and attendance of individual directors over the course of the year; and
- (l) the statement required to be included in the annual report describing how annual performance evaluation of the board, its committees and individual directors has been conducted.

12. ANNUAL REVIEW

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

13. REPORTING RESPONSIBILITIES

- 13.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 13.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

14. OTHER MATTERS

- 14.1 The Committee shall:
 - (a) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
 - (b) be provided with appropriate timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and
 - (c) give due consideration to laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provision of the Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.

15. AUTHORITY

- 15.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company in

order to perform its duties. All employees, directors, consultants and other service providers of services are directed to co-operate with requests for information made by the Committee including requests to attend meetings of the Committee seek any information it requires from any employee of the Company in order to perform its duties.

- 15.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other independent professional advice on any matters within its terms of reference.
- 15.3 Although the Committee can seek the advice and assistance of the executive management, it must ensure that this role is clearly separated from their role within the business.