

Nomination & Remuneration Committee Charter

Mercantile Investment Company Limited

ABN: 15 121 415 576

Level 11, 139 Macquarie Street, Sydney

NSW 2000

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Nomination & Remuneration Committee Charter

1. Objectives

The Nomination & Remuneration Committee has been established by the Board of the Company to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Company by ensuring that:

- (a) the Directors, Managing Director and other senior management of the Company are appropriately remunerated; and
- (b) the human resources policies and practices are consistent with and complementary to the strategic direction and objectives of the Company as determined by the Board.

2. Responsibilities

The Nomination & Remuneration Committee is required to review and make recommendations to the Board in respect of:

- (a) the terms of remuneration for the Managing Director and other senior management of the Company from time to time including the criteria for assessing performance;
- (b) the outcomes of remuneration reviews for executives and the individual reviews for all direct reports to the Managing Director;
- (c) remuneration reviews for executive and non-executive Directors;
- (d) changes in remuneration policy and practices, including superannuation, other benefits and remuneration structure;
- (e) changes to employee equity plans; and
- (f) the disclosure of remuneration requirements in the Company's public materials including ASX filings and the annual report.

3. Specific responsibilities

In order to fulfil its responsibilities to the Board, the Committee will undertake the following:

- (a) Executive remuneration
 - review and make recommendations to the Board regarding executive remuneration including, but not limited to, pension rights and compensation payments;
 - review the on-going appropriateness and relevance of the executive remuneration and other executive benefits;
 - consider whether to seek shareholder approval of the executive remuneration; and
 - oversee the implementation of executive remuneration within the Company;

(b) Executive Directors and senior management

- consider and make recommendations to the Board on the entire specific remuneration for the Managing Director and any other executive Director, (including base pay, incentive payments, equity awards, service contracts) and determine whether any shareholder approvals are required and that any equity-based executive remuneration is made in accordance with shareholder approvals; and
- review and make recommendations to the Board regarding the proposed remuneration (including base pay, incentive awards, equity awards, and service contracts) for senior management of the Company;

(c) Executive incentive or option plans

- review and make recommendations to the Board regarding the design of all executive incentive or option plans; and
- review and make recommendations to the Board regarding the total proposed payments from each executive incentive plan;

(d) Equity based or employee share plans

- review and make recommendations to the Board regarding the design of all equity based plans;
- keep all plans under review in the light of legislative, regulatory and market developments;
- for each such plan, determine each year whether awards will be made under that plan;
- review and make recommendations to the Board regarding total proposed awards under each plan;
- in addition to considering awards to the Company Secretary or any senior manager reporting directly to the Managing Director, review and make recommendations to the Board regarding proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
- review, make recommendations to the Board and keep under review performance hurdles for each equity based plan;

(e) Non-executive Director remuneration

- review and establish the level of remuneration for non-executive Directors. The level of Director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type;
- where necessary recommend that the Board seek an increase in the amount of remuneration for non-executive Directors approved by shareholders; and

- the Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

(f) Approvals

Before implementing any of the following proposals the Board will request the Committee to review the proposal and make a recommendation to the Board in relation to:

- any change to the remuneration or contract terms of the Managing Director and any senior manager of the Company;
- the design of any new equity or share plan or executive incentive or option plan, or the amendment of any existing equity or share plan or executive incentive or option plan;
- the total level of award proposed from equity or share plans or executive incentive or option plans; and
- any termination payment to the Managing Director and any other senior manager of the Company. A termination payment to any other departing executive must be reported to the Committee at its next meeting.

4. Composition

- (a) The Nomination & Remuneration Committee will comprise a minimum of three Directors, with at least two independent Non-Executive Directors.
- (b) The Board will nominate the Chair of the Nomination & Remuneration Committee from time to time and must be an independent Non-Executive Director.

5. Procedural requirements

- (a) The Committee shall meet as required but not less than once a year.
- (b) A quorum of the Nomination & Remuneration Committee will comprise two members, one of whom must be the Chairman.
- (c) The Nomination & Remuneration Committee may seek such advice from any external parties or professional advice as it may consider necessary or desirable to fulfil its objectives.
- (d) Minutes of meetings of the Committee will be prepared for approval by the Committee and circulated to the members of the Board.

6. Revisions of this Charter

This charter of the Nomination & Remuneration Committee must be approved by the Board of the Company.

The Committee is responsible for review of the effectiveness of this charter and the operations of the Nomination & Remuneration Committee and for making recommendations to the Board of any amendments.