



## **Persta Resources Inc.**

*(incorporated under the laws of Alberta with limited liability)*

**(Stock code: 3395)**

### **Nomination Committee's Terms of Reference**

The board of directors (the "**Board**") of Persta Resources Inc. (the "**Company**") has on 17 January 2017 established a committee of the Board known as the Nomination Committee (the "**Nomination Committee**") of the Company, a summary of its constitution and particular duties are set out below:

#### **A. FUNCTIONS**

The Nomination Committee is responsible for reviewing the process to select candidates for directorship and assessing the performance of the directors of the Company (the "**Directors**"), as well for making recommendations to the Board for appointment of new directors.

#### **B. MEMBERSHIP AND TERM OF OFFICE**

- 1 The Nomination Committee shall be appointed by the Board. The Nomination Committee shall be comprised of no less than three (3) Directors, the majority of whom will be independent non-executive Directors.
- 2 The chair of the Nomination Committee (the "**Chair**") could be an independent non-executive Director or the Board chair of the Company (the "**Board Chair**") and who shall be appointed by the Board. The Nomination Committee shall report to the Board.
- 3 The senior representative of the human resources division of the Company or such other designate of the chief executive officer of the Company (the "**CEO**") will act as the management liaison for the Nomination Committee.
- 4 Members of the Nomination Committee are appointed for a one (1) year term at the meeting of the Board where the Nomination Committee is firstly established.
- 5 Where a vacancy occurs at any time in the membership of the Nomination Committee, it may be filled by the Board on the recommendation of the Nomination Committee, and will be filled by the Board if the membership of the Nomination Committee falls below three (3) Directors.

## **C. MEETINGS AND PROCEDURE**

- 1 The Nomination Committee shall meet a minimum of one time per year. The Chair may call additional meetings as required. In addition, a meeting may be called by the Board Chair, the CEO or any member of the Nomination Committee.
- 2 Nomination Committee meetings may be held in person, by video conference, by means of telephone or other communication facility that permits all persons participating to hear each other.
- 3 Notice of the time and place of each meeting may be given orally, or in writing (including by electronic means) or by facsimile to each member of the Nomination Committee at least 48 hours prior to the time fixed for such meeting. Any member may, in any manner, waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- 4 A majority of members, present in person, by videoconference, telephone or other communication facility, shall constitute a quorum of whom at least one shall be independent non-executive Director.
- 5 All members of the Nomination Committee are expected to allow themselves sufficient time to review meeting materials and be prepared for Nomination Committee meetings. Nomination Committee members are expected to make every effort to attend all Nomination Committee meetings.
- 6 The Chair shall preside as chair at each Nomination Committee meeting, lead Nomination Committee discussion on meeting agenda items and report to the Board, on behalf of the Nomination Committee, with respect to the proceedings of each Nomination Committee meeting. In the event that the Chair is absent from any meeting, the members present shall designate any member present to act as chair for the meeting.
- 7 Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the matter shall be referred to the Board for consideration.

## **D. DUTIES AND RESPONSIBILITIES**

The Nomination Committee shall:

- 1 In collaboration with the corporate secretary of the Company, establish an orientation and education program for Directors.

- 2 Review and make recommendations to the Board regarding the composition and diversity of the Board as well as nominations to the Board, its committees (the “**Committees**”), the Committee chairs and Directors. In particular,
  - (a) Reviewing the appropriate skills, knowledge, experiences and characteristics required of Directors in the context of the current Board as a whole and the objectives of the Company, utilizing the guidance outlined in the “Board/Committee Mandates and Relevant Competencies” section of the board manual of the Company and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategies.
  - (b) In consultation with the Board Chair and the CEO, identify and recommend suitable nominees for election to the Board to enhance or acquire the desired skills necessary to ensure maximize Board effectiveness.
  - (c) Maintaining and assessing the independence of and a roster of potential candidates of independent non-executive Director for the Board.
  - (d) Formulating a policy concerning diversity of the Board members (the “**Board Diversity Policy**”) which shall be disclosed in the corporate governance reports of the Company, monitoring the implementation of Board Diversity Policy and reviewing the Board Diversity Policy, as appropriate, and ensuring the effectiveness of the Board Diversity Policy, discussing any revisions that may be required, and recommending any such revisions to the Board for consideration and approval.
- 3 Review and make recommendation to the Board, with delegated responsibilities and in compliance with the requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and on an annual basis, for approval of selection of Directors and senior management, including:
  - (a) The appointment or re-appointment of Directors and the succession planning process for the Directors and senior management; and the training and development of all Directors and senior management as part of such succession planning process.
  - (b) Appointments of senior management.
  - (c) In consultation with the Board, changes where necessary to the terms of reference for each of the Board Chair, Directors and the CEO.
- 4 Review the performance assessment of the Board, including:
  - (a) Reviewing as to the structure, size, composition and effectiveness of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy.

- (b) Implementing a self-evaluation process for the Board and periodically reviewing the contribution of individual Directors on an annual basis prior to the appointment or reappointment of Directors by the shareholders of the Company at the annual general meeting.
  - (c) Implementing an evaluation process to assess the effectiveness of Board Committees and making annual recommendations on Committee make-up.
- 5 Ensure that each Director should be nominated by means of a separate resolution in meetings of the Board and/or the general meetings of the Company, as appropriate.
  - 6 Where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Nomination Committee believes the individual should be elected and the reasons why the Nomination Committee considers him to be independent.
  - 7 Attend the Company's annual general meetings by the Chair (or in his absence, his duly appointed delegate) and be prepared to respond to any Shareholders' questions of the shareholders of the Company on the Nomination Committee's activities.
  - 8 Do any such things to enable the Nomination Committee to perform its functions conferred on it by the Board and in compliance with the requirements of the Listing Rules.

#### **E. COMMITTEE AND CHARTER REVIEW**

- 1 The Nomination Committee will conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with its Charter, in accordance with the process developed by the Board. The Nomination Committee will conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.
- 2 The Nomination Committee will also review and assess the adequacy of its Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Nomination Committee, as well as any best practice guidelines recommended by regulators or any exchange on which the Company's securities are listed for trading and will recommend changes to the Board thereon.

## **F. AUTHORITY**

- 1 The Nomination Committee shall be given access to senior management of the Company and all documents as required to fulfill its responsibilities and shall be provided with the resources necessary to carry out its responsibilities.
- 2 The Nomination Committee is authorized by the Board to obtain and compensate outside independent professional advice at the Company's expense if it considers necessary.

## **G. SECRETARY OF NOMINATION COMMITTEE**

- 1 The Chair shall designate any Director, officer or employee of the Company to act as the secretary of the Nomination Committee (the "**Secretary**").
- 2 The Secretary shall record and keep minutes of all duly constituted meetings of the Nomination Committee. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views; and shall be available for inspection by any member of the Nomination Committee and/or any Director at any reasonable time on reasonable notice.
- 3 The Secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Nomination Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. Once they are agreed, the Secretary shall circulate the minutes and reports of the Nomination Committee to all members of the Board.

## **H. REPORTING RESPONSIBILITIES**

- 1 The Nomination Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.
- 2 The Nomination Committee should make available these terms of reference by including them on the internet website operated by the Stock Exchange for the purposes of the Main Board and the Company's website.

## **I. INTERPRETATION**

1 Interpretation of these terms of reference shall belong to the Board.

*Notes:* “senior management” refers to the same category of persons as referred to in the Company’s annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.

The Terms of Reference are available in English and Chinese versions. If there is any inconsistency between the English and Chinese versions of the Terms of Reference, the English version shall prevail over the Chinese version.

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