

## NOMINATION COMMITTEE CHARTER

### **Purpose**

The Nomination Committee (the "Committee") is appointed by the Board of Directors (the "Board") of NextSource Materials Inc. (the "Company") to:

1. Seek and identify a pool of qualified candidates for election or appointment to the Board who have a diverse range of expertise, experience, skills and backgrounds;
2. Recommend to the Board of Directors as a whole for its approval, the proposed nominee(s) for the next annual general meeting of the shareholders or for the replacement of Board vacancies.
3. Lead the annual review of the performance of the Board;
4. Provide orientation to new directors;
5. Provide continuing education opportunities to all directors; and
6. Monitor the contribution of all directors in the achievement of the Company goals.

### **Duties and Responsibilities**

The Committee is generally responsible for identifying individuals qualified to become new board members but shall also administer such programs as may be established by the Board of Directors relating to the assessment of its performance. The principal responsibilities and functions of the Committee are as follows:

#### **1. Director Recruitment**

- a) Review each year the composition of the Board and general and specific criteria applicable to candidates to be considered for nomination to the Board. The objective of this review shall be to maintain the composition of the Board in a way which provides the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Company. This review will also consider the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, geographic origin etc. among the directors, while at the same time maintaining common characteristics such as personal integrity, good judgment, high ethics and standards, outstanding ability in their individual fields of expertise and a willingness to devote necessary time to Board matters;
- b) In consultation with the Board of Directors and the CEO and, on an ongoing basis, maintain a database of potential candidates. All directors are actively encouraged to identify potential candidates and provide their names and such supporting materials as appropriate to the Committee;
- c) Implement a procedure to identify, with as much advance notice as practicable, impending vacancies on the Board of Directors, so as to allow sufficient time for recruitment and for introduction of proposed nominees to the existing Board of Directors;

- d) Develop a list of qualified candidates and arrange for each candidate to meet with the Committee, the Chair of the Board of Directors and the CEO;
- e) Recommend to the Board of Directors as a whole for its approval, the proposed nominee(s) for the next annual general meeting of the shareholders and arrange for their introduction to as many members of the Board of Directors as practicable.

## **2. Orientation and continuing education**

All new directors shall be provided with a Directors Manual which shall include copies of the following documents and such others as may be considered appropriate:

- a. welcoming memorandum
- b. biographical sketches of all directors and senior executive officers
- c. certificate of incorporation of the Company
- d. articles of association or by-laws
- e. mandate of the Board of Directors
- f. charters of all committees
- g. code of business conduct and ethics

The Chair of the Board of Directors shall meet with all new directors prior to their first scheduled meeting of the Board following their election to explain the role and processes of the Board and its committees, the nature of the business and corporate culture, the strategic plan, the expectations placed on individual directors including the commitment of time and personal resources and answer any questions he or she may have.

Ongoing continuing education opportunities shall be provided through a corporate membership in the Institute of Corporate Directors. The ICD provides an accredited director's education program, short courses dealing with matters of topical interest and video learning opportunities with qualified instructors and full access to their resource centre.

## **3. Annual assessments**

The Committee shall adopt and maintain an evaluation process to provide directors with an opportunity each year to conduct a discrete assessment of how the Board of Directors is functioning and make suggestions for improvement. The process focuses on Board and Board Committee performance and not executive management. This is done through a relatively comprehensive questionnaire that has been prepared by the ICD.

The Committee has the responsibility to manage the process and to assess individual directors. It distributes the questionnaire to the directors and may have discussions with them on matters of clarification or interpretation. The responses are made on a confidential basis to ensure validity to the extent possible. The Chair of the Committee summarizes the results and develops a written report in which he or she provides an analysis with recommendations for changes. The report is then submitted to the full Board for its consideration.

## **4. Term limits and renewal**

Directors shall serve for a limited term of one-year subject to being re-elected at each annual general meeting. The Company has not adopted any limit on re-election because it is currently in the early stages

of development where continuity is considered to be particularly important.

However, the Company has elected to adopt performance management as an appropriate mechanism for Board renewal. By undertaking regular assessments of Directors, the Board will be able to identify areas for development and/or under-performance and recognize any new skills and competencies that may be required. This means a regular assessment of the skill sets had by the Directors measured against those required to meet the established strategic direction and goals of the Company. The skills and qualities the Board determines it needs are the primary input elements of its performance management and succession planning processes, including the recruitment of new and/or replacement of directors.

## **5. Diversity**

The Company accepts that significant value can be derived from a board of directors that is diversified to reflect the community in which it operates. Diversity promotes the inclusion of different perspectives. A diversified Board makes prudent business sense and promotes better corporate governance.

The Company shall maintain a Board of talented and dedicated directors with a diverse range of expertise, experience, skills and backgrounds. Diversity includes but is not limited to business experience, geography, age, gender and ethnicity. In particular, it should involve an appropriate number of female directors who meet the recruitment standards and goals of the Board. When assessing Board composition, the Company will consider candidates on merit against objective criteria without discrimination of any kind based on gender.

The Board or a committee of the Board shall review this policy no less than annually and assess its effectiveness in promoting a diverse Board, which includes an appropriate number of women directors.

## **6. Other Responsibilities**

- a. Such other duties as may be delegated to the Committee by the Board of Directors from time to time.
- b. Conduct an annual performance evaluation of the Committee and identify opportunities for improved effectiveness.

## **Composition**

The Committee will be comprised of three or more directors each of whom meets the independence requirements of National Policy 58-201. In the event of a dispute, determinations as to whether a particular director satisfies the requirements for membership on the Committee will be made by the Board.

Committee members shall be appointed by the Board and shall serve for such terms as the Board may determine, or until their earlier resignation, death or removal by the Board. Any member of the Committee may be removed by an ordinary resolution of the Board in its unfettered discretion without cause.

One member of the Committee shall be appointed as the Committee Chairperson, who shall preside at each meeting of the Committee. In the event that the Committee Chairperson is not present at a meeting, the other members of the Committee may designate another member as the acting chair of such meeting.

If a vacancy in the Committee exists, the remaining members may exercise all of its powers and responsibilities provided that a quorum (as herein defined) remains in office.

## **Role of the Chair**

In addition to the duties and responsibilities assigned to members of the Committee, the Chair is responsible for providing overall leadership to enhance the effectiveness of the Committee and manage the work assigned to it. In particular, the Chair shall have the following specific duties:

- Oversee the management of the activities of the Nominations Committee;
- Preside over the meetings of the Committee and encourage free and open discussions in all of its activities;
- Schedule and settle the agenda for Committee meetings with input from other Committee members, the Chair of the Board of Directors and management as appropriate and otherwise ensure that the members are properly informed and that sufficient and timely advance distribution of all information and materials is provided to them to form appropriate judgments and make all necessary decisions;
- Communicate with members of the Committee between meetings and administer the assigned performance management programs for directors;
- Liaise with the Board of Directors and senior managers and provide timely reports to them of Committee activities.

## **Meetings**

The Committee shall meet at least quarterly.

The time and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all things at such meetings shall be the responsibility of the Chair of the Committee. A meeting of the Committee may be called by letter, telephone, facsimile or electronic means, by giving 48 hours' notice, or such greater notice as may be required under the Company's By-Laws, provided that no notice shall be necessary if all the members are present either in person or by telephone or if those absent have waived notice.

All Committee members are expected to attend each meeting, whether in person, teleconference or other electronic method approved by the Committee. A minimum of two and at least 50% of the members present in person or by telephone shall constitute a quorum. For a quorum to exist, the majority of committee members that are present must not be Company' employees, Control Persons or officers or any of its Associates or Affiliates, (capitalized terms as defined by the TSX).

The Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend meetings of the Committee and assist in the discussions and determinations being considered.

The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person, who need not be a member, to act as a secretary at any meeting. All determinations and recommendations for the Board shall be made by an ordinary resolution of the majority of its members present at a meeting duly called and held. A unanimous written resolution signed by all the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

Following a Committee meeting, the Committee Chair shall report on the deliberations and decisions of the Committee to the Board of Directors at the next meeting of the Board. The Committee shall keep and approve minutes of its meetings in which shall be recorded all action taken by it, which minutes shall be available as soon as possible to the Board of Directors and shall be added to the Company records by the Corporate Secretary.

## **Resources**

The Committee will have the resources and authority necessary to discharge its duties and responsibilities, including the authority to retain outside counsel or other experts or consultants as it deems appropriate.

Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

## **Reporting to the Board of Directors**

The Committee shall report regularly to the Board on Committee activities, findings and recommendations. The Committee is responsible for ensuring that the Board is aware of any matter that may have a significant impact on the financial condition or affairs of the Company.

## **Continued Review of this Charter**

The Committee shall review and assess the continued adequacy of this Charter annually and submit such proposed amendments as the Committee sees fit to the Board for its consideration.