

RC – 2015-07 REMUNERATION COMMITTEE CHARTER

1. GENERAL SCOPE AND AUTHORITY

- (a) The Remuneration Committee is a committee of the Board. The Charter is subject to review and approval by the Board as required.
- (b) The primary purpose of the Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:
 - (i) reviewing and approving the executive remuneration and benefits policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
 - (ii) ensuring that the executive remuneration and benefits policy demonstrates a clear relationship between key executive performance and remuneration;
 - (iii) recommending to the Board the remuneration and benefits of executive Directors;
 - (iv) fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
 - (v) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
 - (vi) reviewing and approving the remuneration and benefits of direct reports to the Managing Director, and as appropriate other senior executives; and
 - (vii) reviewing and approving any equity based plans and other incentive schemes
- (c) The Remuneration Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.

2. COMPOSITION

- (a) The Remuneration Committee will be appointed by the Board and shall comprise not less than three non-executive directors (unless otherwise determined by the Board), with a majority being independent.
- (b) The Board shall appoint one of the Remuneration Committee members, other than the Chair of the Board or Audit Committee, to serve as the Remuneration Committee Chair. The Chair must be an independent director. The Chair and Remuneration Committee membership will be confirmed annually.
- (c) The Board may appoint such additional non-executive Directors to the Remuneration Committee or remove and replace members of the Remuneration Committee by resolution.

3. SECRETARY

- (a) The Company Secretary or their nominee shall be the Secretary of the Remuneration Committee, and shall attend meetings of the Remuneration Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meeting of the Remuneration Committee and circulating them to Remuneration Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Remuneration Committee as far in advance as possible, with a minimum 3 business days.

4. MEETINGS

- (a) The Remuneration Committee will meet at least once per year and additionally as circumstances may require or as often as the Remuneration Committee members deem necessary in order to fulfil their role.
- (b) Meetings are called by the Secretary as directed by the Chairman of the Remuneration Committee, or at the request of the Board.
- (c) A quorum for any Remuneration Committee meeting will comprise any two independent non-executive Director Remuneration Committee members. In the absence of the Remuneration Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for that meeting.
- (d) Where deemed appropriate by the Chairman of the Remuneration Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or a conference call.
- (e) Decisions will be based on a majority of votes with the Chairman having the casting vote.
- (f) The Remuneration Committee may invite any executive management team members or other individuals, including external third parties, to attend meetings of the Remuneration Committee, as they consider appropriate.

5. ACCESS

- (a) Members of the Remuneration Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Remuneration Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) The Remuneration Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Remuneration Committee consulting an independent expert will be borne by the Company.

6. DUTIES AND RESPONSIBILITIES

In order to fulfil its responsibilities to the Board, the Remuneration Committee shall:

(a) Executive Remuneration and Benefits Policy

- (i) Review and approve the Group's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders;
- (ii) Review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs; and
- (iii) Ensure that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market

(b) Executive Directors and Senior Management

- (i) Consider and make recommendations to the Board on the remuneration and benefits for each executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy; and
- (ii) Review and approve the proposed remuneration and benefits (including incentive awards, equity awards and service contracts) for the Managing Director and direct reports of the Managing Director. As part of this review the Remuneration Committee will oversee an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

(c) Executive Incentive Plan

Review and approve the design of any executive incentive plans.

(d) Equity Based Plans

- (i) Review and approve any equity based plans that may be introduced (**Plans**) in the light of legislative, regulatory and market developments;
- (ii) For each Plan, determine each year whether awards will be made under that Plan;
- (iii) Review and approve total proposed awards under each Plan;
- (iv) In addition to considering awards to executive Directors and direct reports to the Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Remuneration Committee; and
- (v) Review, approve and keep under review performance hurdles for each equity based plan.

(e) Succession Planning

Review management succession planning for the Company in general and specifically in regard to the Managing Director and direct reports to the Managing Director.

Recommend to the Board, appointments and terminations to senior executive positions reporting to the Group Managing Director. However, the Chair of the Board is authorized to approve the appointment or termination of employment of direct reports to the Managing Director where appropriate (that is when Board approval cannot be obtained within the required timeframe) and on the recommendation of the Managing Director.

(g) Function of Representative Parties

It is recognised that members of the Remuneration Committee are non-executive employees of the Avalon Minerals Group and generally do not represent themselves to be experts in the fields of remuneration.

Each member of the Remuneration Committee is entitled to rely on executives of the Group, on matters within their responsibility, and on external professionals on matters within their areas of expertise, and may rely on the accuracy of information provided by such persons where the Remuneration Committee has reasonably assured themselves of the quality/capability of the expert.

(h) Remuneration Report

Review and recommend to the Board for approval the Remuneration Report to be incorporated into the Annual Report.

(i) Other

The Remuneration Committee shall perform other duties and activities that it or the Board considers appropriate.

The Chair of the Remuneration Committee will report to the Board, at the Board meeting next following a meeting of the Remuneration Committee, on matters considered by the Remuneration Committee.

Other non-executive Directors of the Board are entitled to attend Remuneration Committee meetings and receive copies of papers considered by the Remuneration Committee.

For avoidance of doubt, Non-executive Director remuneration is a matter for full Board consideration and not a responsibility of the Remuneration Committee.

If engaging third-party experts, the Remuneration Committee may do so in a manner that ensures the engagement and any advice received is independent.

The Charter provides the roles, responsibilities and terms of operation for the Remuneration Committee, which operates on behalf of the Board for all Group entities.

This charter should be reviewed at least annually and changes recommended to the Board for approval.

7. APPROVALS

The Remuneration Committee must approve the following prior to implementation:

- (a) changes to the remuneration and benefits or contract terms of executive Directors and direct reports to the Managing Director and the Managing Director;
- (b) the Plans or amendments to current equity plans or executive cash-based incentive plans;
- (c) total level of awards proposed from equity plans or executive cash-based incentive plans; and
- (d) termination payments to executive Directors or direct reports to the Managing Director. Termination payments to other departing executives should be reported to the Remuneration Committee at its next meeting.