

# AVOCA RESOURCES LIMITED

ABN: 30 097 083 282

## REMUNERATION COMMITTEE CHARTER

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### 1. Role

The role of the Remuneration Committee is to assist the Board in fulfilling its objective to ensure the Company has:

- effective policies, processes, and practices for appropriately attracting, remunerating and retaining executives and directors who will add value to the Company;
- reward programs which are fair and responsible and in compliance with principles of good corporate governance, the ASX Listing Rules and the Corporations Act.

### 2. Composition

The Remuneration Committee will be appointed by the Board and will consist of not less than two members. The appointees will be independent directors where considered appropriate and possible. An independent director will be appointed as chairman of the Remuneration Committee.

### 3. Operation

The Remuneration Committee will meet as often as required but at least twice per year.

Minutes of all meetings of the committee are to be kept and a report of actions taken to be given at each subsequent meeting of the full Board.

At the discretion of the Chair, having regard to the nature of the agenda, relevant members of management may be invited to attend meetings.

### 4. Duties and Responsibilities

The Remuneration Committee will be charged with the following responsibilities to:

#### **Executive Remuneration and Incentive Policies**

The Committee is to make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives which:

- (a) will motivate executive directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework.
- (b) demonstrate a clear correlation between key performance and remuneration; and
- (c) will align the interests of key leadership with the long term interests of shareholders.

#### **Executive Remuneration Packages**

- (a) Ensure that executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;
- (b) Ensure that a portion of executives remuneration is structured in a manner designed to link reward to corporate and individual performance.

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## Executive Remuneration Packages (cont'd)

- (c) make recommendations to the board with respect to the quantum of bonuses to be paid to executives.

## Termination Agreements

Review and recommend to the Board for approval of the proposed termination payments and arrangements in respect of the Managing Director and/or any Executive Director prior to such an appointment. Termination payments in respect of other company executives reporting to the Managing Director or other Executive Director shall be reported to the Committee at its next meeting.

## Employee Equity Plans

- (a) review plan designs on a regular basis to ensure they comply with legislation and regulatory requirements and reflect industry standards.
- (b) approve participants in employee equity plans.
- (c) approve the total level of award under the plans and the level of participation in the plans.
- (d) review functioning of equity plans to ensure overall effectiveness (including cost and tax impacts) in achieving company objectives.

## Remuneration for Non-Executive Directors

- (a) review and recommend to the Board the remuneration structure for the Non-Executive Directors of the Company whether by way of annual fees, committee fees and/or retirement benefits.
- (b) in determining the fees to be paid, Non-Executive Directors shall not be eligible for inclusion in any Short Term Incentive Plans.

## Authority of the Committee

The Committee has the authority to: -

- (a) obtain independent professional or other advice in the fulfilment of its duties at the cost of the Company; and
- (b) obtain such resources and information from the Company in the fulfilment of its duties as it may reasonably require.

## Review of Committee Performance

The Committee will annually revisit its objectives and duties and evaluate the effectiveness of its performance.

*This Charter was adopted by the Avoca Resources Limited Board on 13 October 2009.*