

North Australian Diamonds Ltd Corporate Governance Policies

Remuneration Committee Charter

1. Membership

- 1.1 Subject to a lesser number of members of the Board being available, the Remuneration Committee shall comprise of three (3) non-executive directors of the Company, with a majority of members to be independent non-executive directors.
- 1.2 The Chairman and members of the Committee are appointed by the board and may be appointed for specified terms. Membership of the Committee will be reviewed annually by the Board.
- 1.3 The Chairman of the Board may not be the Chairman of the committee.
- 1.4 The Company Secretary is Secretary to the committee.

1. Role of the Remuneration Committee

The function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- (a) remuneration packages of executive directors, non-executive directors and senior executives; and
- (b) employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

2. Operations

- 2.1 The full Board shall meet in its capacity as the Committee to consider remuneration packages at least once a year and otherwise as required at Board Meetings.
- 2.2 Minutes of all meetings of the Committee are to be kept.
- 2.3 Committee meetings will be governed by the same rules as set out in the Company's constitution, as they apply to meetings of the Board.

3. Responsibilities

3.1 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) motivates executive directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- (b) demonstrates a clear correlation between key performance and remuneration; and
- (c) aligns the interests of key leadership with the long-term interests of the Company's shareholder.

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3.2 Executive Remuneration Packages

The Committee is to ensure that:

- (a) 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) a proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and
- (c) recommendations are made to the Board with respect to the quantum of bonuses to be paid to executives.
- (d) To the extent that the Company adopts a different remuneration structure for its executive directors, the committee shall document its reasons for the purpose of disclosure to stakeholders.

3.3 Non-Executive Directors

The Committee is to ensure that:

- (a) fees paid to non-executive directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- (b) non-executive directors are remunerated by way of fees (in the form of cash and /or superannuation benefits);
- (c) non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- (d) non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure and approval from the Company's shareholders.

3.4 To the extent that the Company adopts a different remuneration structure for its non-executive directors, the committee shall document its reasons for the purpose of disclosure to stakeholders.

3.5 Incentive Plans and Benefits Programs

The Committee is to:

- (a) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans; and
- (b) ensure that incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide rewards when they are achieved; and

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- (c) continually review and if necessary improve any existing benefit programs established for employees.

Adopted: 5 November 2007