

TERMS OF REFERENCE FOR  
THE COMPENSATION COMMITTEE OF  
INTER-CITIC MINERALS INC.

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ADOPTED – MAY 29, 2008

**TERMS OF REFERENCE  
FOR THE COMPENSATION COMMITTEE**

**COMPOSITION**

At the first meeting of the Board of Directors of Inter-Citic Minerals Inc. (the “**Company**”) after the election of Directors at the annual meeting of shareholders, the Board shall, for the purpose of dealing with the assessment of management and succession to key positions and compensation within the Company, appoint a Compensation Committee (the “**Committee**”) comprised of three Directors of the Company, one of whom should be the Chairman of the Board and a majority of whom shall be independent (as defined under applicable securities laws). Any member may be removed from the Committee or replaced at any time by the Board.

The Chair of the Committee shall be appointed by the Board of Directors at the meeting of the Board referred to above. The Chair shall preside as chair at each Committee meeting, lead Committee discussion on meeting agenda items and report to the Board, on behalf of the Committee, with respect to the proceedings of each Committee meeting. The Committee shall designate a Secretary to the Committee who may be a member of the Committee or an officer or employee of the Company. The Secretary shall keep minutes and records of all meetings of the Committee. In the event that either the Chair or the Secretary is absent from any meeting, the members present shall designate any Director present to act as Chair and shall designate any Director, officer or employee of the Company to act as Secretary.

Meetings of the Committee, including telephone conference meetings, shall be held at such time and place as the Chair of the Committee, or any member of the Committee, may determine and, in any event, at least two times per year. Notice of meetings shall be given to each member not less than 24 hours before the time of the meeting; provided that meetings of the Committee may be held without formal notice if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting.

Notice of meeting may be given verbally or delivered personally, given by mail, facsimile or other electronic means of communication and need not be accompanied by an agenda or any other material. The notice shall however specify the purpose or purposes for which the meeting is being held.

Any two members of the Committee shall constitute a quorum.

A resolution in writing, signed by all the members of the Committee entitled to vote on that resolution at a meeting of the Committee, is as valid as if it had been passed at a meeting of the Committee. A copy of any such resolution in writing shall be kept with the minutes of the proceedings of the Committee.

Any matter to be voted upon shall be decided by a majority of the votes cast on the question; and in the case of an equality of votes, the Chair of the meeting shall be entitled to a second or casting vote.

No alteration to the roles and responsibilities of the Committee shall be effective without the approval of the Board of Directors.

## **ROLE AND RESPONSIBILITIES**

The duties of the Committee shall include:

1. Management Succession:

- (a) to review succession plans for key management positions within the Company;
- (b) to review the management development policies and practices and staffing plans in the Company; and
- (c) to review and make recommendations to the Board as to the election or appointment of executive officers of the Company.

2. Assessment:

- (a) together with the Chief Executive Officer, to develop a written position description for the Chief Executive Officer (including, without limitation, delineating management's responsibilities);
- (b) to lead the process for evaluating the performance of the Chief Executive Officer on an annual basis; and
- (c) to review and recommend to the Board for approval, the performance contracts of the Chief Executive Officer and the executive officers of the Company.

3. Compensation:

to review and recommend to the Board for approval:

- (a) the compensation and benefit policies of the Company;
- (b) the terms and conditions of the employee benefit plans for employees of the Company and to report to the Board on any proposals submitted by management for the amendment of these plans;
- (c) the employment agreements and/or contracts of the Chief Executive Officer and the executive officers of the Company; and
- (d) plans and programs related to employee compensation including incentive-compensation plans and equity-based compensation plans;

to review and approve:

- (e) the compensation levels of executive officers. In considering the Chief Executive Officer's compensation level, the Committee shall additionally review and approve the corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and determine and approve the Chief Executive Officer's compensation level based on this evaluation;

- (f) the granting of stock options in accordance with the terms of the Employee Stock Option Plan to employees, including officers, who are employed on a permanent basis by the Company.

4. Other:

- (a) to produce and recommend to the Board for approval the report on executive compensation contained in the Management Proxy Circular, and to review and if appropriate approve executive compensation disclosure before the Company publicly discloses such compensation information; and
- (b) to review human resource strategies and policies.

The Committee may invite such officers, Directors and employees of the Company as it may see fit from time to time to attend a meeting of the Committee and assist thereat in the discussion and consideration of matters relating to the Committee and may delegate to any member or subcommittee of members any of the duties of the Committee.

In respect of matters within its purview under this mandate and delegation, the Committee shall assist the Board in its oversight of the Company's compliance with legal and regulatory requirements.

The Committee, after consultation with and having received the concurrence of the Chairman of the Board, shall have the authority to direct and to supervise the investigation into any matter brought to its attention within the scope of its duties and to engage and compensate any outside advisor that it determines necessary to permit it to carry out its duties.