



**AVALON ADVANCED MATERIALS INC.**  
(the "Company")

## **MANDATE OF THE CHIEF EXECUTIVE OFFICER**

### **Introduction**

The Chief Executive Officer (the "CEO") reports to the Board of Directors of the Company (the "Board"), and maintains open communication with the Chair of the Board.

The CEO's key priorities are:

1. providing overall leadership and vision in developing, in concert with the Board of Directors, the Company's corporate objectives;
2. providing overall leadership and vision in developing the tactics and business plans necessary to realize such corporate objectives; and
3. managing the overall business to ensure strategic and business plans are effectively implemented, the results are monitored and reported to the Board, and financial and operational objectives are attained.

### **Duties and Responsibilities**

The CEO's duties and responsibilities include:

1. leading and managing the Company within parameters established by the Board and the relevant committees;
2. developing and recommending strategic plans to the Board that ensure the Company's profitable growth and overall success. This includes updating and making changes as required, and involving the Board in the early stages of developing strategy;
3. implementing the corresponding capital and operating plans;

4. reviewing and reporting regularly to the Board on the overall progress and results against operating and financial objectives and initiating courses of action for improvement;
5. developing an annual operating plan, capital commitment and expenditure budgets for approval by the Board, including operating forecasts of revenue, expenditures, operational results, and financial performance;
6. regularly informing the Board of all significant operational, financial and other matters relevant to the Company. This includes external items emanating from governments and regulators on issues such as fiscal and monetary policies, legislation, etc.;
7. authorizing the commitment of funds to capital projects included in budgets approved by the Board;
8. authorizing commitment of corporate resources;
9. entering into agreements, contracts, leases, etc. in the ordinary course of business, in order to pursue the approved business plans and objectives of the Company, provided however, that major commitments, exposures and risks shall be reported to the Board on a regular and timely basis;
10. identifying the principal risks of the Company's business and implement appropriate systems to manage these risks;
11. developing and maintaining a sound, effective organization structure, and ensure capable management succession, progressive employee training and development programs;
12. establishing annually and maintaining a Board approved plan for senior management development and succession;
13. providing the Board, at Board and committee meetings, with exposure to the Company's key management;
14. ensuring that all members of the organization have their responsibilities and authorities clearly established;
15. establishing effective control and co-ordination mechanisms for all operations and activities, and ensure the integrity of the internal control and management systems;
16. maintaining or causing to be maintained such industry, governmental, public or other external relationships as are deemed advisable and in the interests of the Company;

17. ensuring the Company's assets are adequately safeguarded and optimized in the best interests of the shareholders;
18. ensuring effective communications and appropriate relationships are maintained with the shareholders of the Company and other stakeholders;
19. managing and overseeing the required interfaces between the Company and the public and act as the principal spokesperson for the Company;
20. ensuring the safe, efficient operation of the Company and ensure compliance with the Company's environment, health and safety policies and practices;
21. ensuring all operations and activities of the Company are conducted in accordance with laws, regulations, the Company's Code of Conduct, sound business practice and in accordance with the policies and practices approved by the Board; and
22. fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

Approved by the Board of Directors on January 29, 2013.