



## CORPORATE GOVERNANCE POLICIES

### REMUNERATION POLICIES

The directors consider that the current size of the Board of the Company does not warrant the establishment of a separate remuneration committee. The directors as a whole consider the functions normally undertaken by a remuneration committee.

In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the establishment of separate Board committees will be reconsidered.

The Board, acting as the remuneration committee, reviews all remuneration policies and practices for the Company, including:

- overall strategies in relation to executive remuneration policies;
- compensation arrangements for the Managing Director (if any) and non-executive directors; and
- all equity based remuneration plans.

Where any director has a material personal interest in a matter under consideration by the Board, the director is not permitted to be present during discussions or to vote on the matter.

In consultation with the Managing Director, the Board reviews the Company's general approach to compensation and oversees the development and implementation of the compensation regime.

#### ***Remuneration policies***

The Company's remuneration policies are designed to align executive remuneration with shareholders' interests and with the Company's values and risk appetite and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policies are:

- reward reflects the competitive market in which the Company operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The following remuneration policies are applied by the Board or will be progressively implemented as the level of activities and number of employees of the Company increases in the future.

#### ***General director remuneration***

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The directors shall set individual Board fees within the limit approved by shareholders.

#### ***Executive remuneration***

The Company's remuneration policies for executive directors and senior management are designed to promote superior performance and long term commitment to the Company. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

Executive directors and senior management receive a base remuneration which is market related, together with performance based remuneration linked to the achievement of pre-determined milestones and targets.

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Within this framework, the Board considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for executive directors and senior management.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance, relevant comparative information and independent expert advice.

The proportion of fixed and variable remuneration is established for each executive by the Board. The objective of any short term incentives is to link achievement of the Company's operational targets with the remuneration received by executives charged with meeting those targets. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth.

Performance incentives may be offered to executive directors and senior management of the Company through the operation of performance bonus schemes. Performance and completion bonuses based on a percentage of annual salary are payable upon achievement of agreed operational milestones and targets.

The structure of remuneration packages for executive directors consists of the following:

- salary – executive directors receive a fixed sum base salary payable monthly in cash;
- short term incentives – executive directors are eligible to participate in a performance bonus plan, if deemed appropriate;
- long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders; and
- other benefits - executive directors are eligible to participate in superannuation schemes.

Remuneration packages for other executives consist of the following:

- salary - senior managers receive a fixed sum base salary payable monthly in cash;
- short term incentives – senior managers are eligible to participate in a performance bonus plan if deemed appropriate;
- long term incentives – senior managers may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. However, the Company retains the flexibility to issue options outside of approved employee option plans in appropriate circumstances; and
- other benefits – senior managers are eligible to participate in superannuation schemes.

#### ***Non-executive directors remuneration***

In accordance with current corporate governance practices, the structure for the remuneration of non-executive directors and senior executive management is separate and distinct. Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board determines the actual payments to directors. The maximum aggregate remuneration approved for directors is currently \$400,000. The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

Non-executive directors are entitled to statutory superannuation benefits. All directors are entitled to have their indemnity insurance paid by the Company.

Non-executive directors may be entitled to participate in equity-based remuneration schemes. Shareholders must approve the framework for any equity-based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders.

***Securities issued under equity-based remuneration scheme***

Shareholders must approve the framework for any equity-based remuneration schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by shareholders.

Directors and senior executives are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the Company's employee equity scheme.

Where a director or senior executive enters into arrangements for the hedging of vested options granted under the Company's employee equity scheme, details of the hedging arrangements must be immediately notified to the Chairman or Company Secretary.