

CORPORATE GOVERNANCE POLICIES

REMUNERATION COMMITTEE CHARTER

Functions and responsibilities

The Remuneration Committee is a committee of the Board with its principle functions being:

- to review and recommend to the Board overall strategies in relation to executive remuneration policies;
- to review and make recommendations to the Board in respect of compensation arrangements for the Managing Director, all other executive directors and all non-executive directors; and
- to review and make recommendations to the Board in respect of all equity based remuneration plans.

In consultation with the Managing Director, the committee will review and recommend to the Board for approval, the Company's general approach to compensation and will oversee the development and implementation of the compensation regime.

Composition

The committee shall comprise at least two members of the Board. The majority of directors on the Remuneration Committee should be independent of management and the Company. In the event that the Committee comprises two directors, both directors should be independent. The committee is to be chaired by an independent director. The Chairman of the Board should not be the Chairman of the Committee.

Membership of the remuneration committee is currently:

Peter Rowe (chairman of the committee)
Colin Jackson
Gary Scanlan

Meetings

The committee shall meet as frequently as required, but not less than once per year.

The Committee shall have access to professional advice from external advisers. The committee may meet with these external advisers without management being present.

No employee, including the Managing Director, should attend any meeting where his or her performance or compensation is discussed, unless specifically invited by the committee.

Two members of the committee shall comprise a quorum. Where only two members are present, the unanimous vote of the two members will constitute an act of the committee. Where the committee comprises more than two committee members, the vote of a majority of the members present will constitute an act of the committee.

Remuneration policy

This policy governs the operations of the Remuneration Committee. The committee shall review and reassess the policy at least annually and obtain the approval of the Board.

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.

Shareholders must also 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 approved by the shareholders.

Executive remuneration

The Company's remuneration policy for executive directors and senior management is 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 Australian and overseas 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 remuneration committee 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 Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The committee's remuneration policies are designed to align executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy 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 proportion of fixed and variable remuneration is established for each executive director by the Remuneration Committee. The objective of 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 remuneration committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. 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.

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.

All directors are entitled to have their indemnity insurance paid by the Company.

Securities issued under equity-based remuneration scheme

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.