

CORPORATE GOVERNANCE – REMUNERATION POLICY

Overview

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and the industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. Details of the nature and amount of emoluments of each Director of the Company are disclosed annually in the Company's Annual Report.

Performance-based remuneration

The Board recognises that the Company operates in a global environment. To prosper in this environment, the Company must attract, motivate and retain key executive personnel. The principles supporting the Company's remuneration policy are that:

- the reward reflect the competitive global market in which the Company operates;
- individual reward be based on performance across a range of indicators that apply to delivering results across the Company;
- rewards to executives to be linked to creating value for shareholders;
- executives to be rewarded for both financial and non-financial performance;
- remuneration arrangements to be equitable and facilitate the deployment of senior management personnel across the Company, and
- senior management personnel to receive a significant component of their reward in equity and be required to retain that holding over time.

Executive and non-executive Directors are prohibited from entering into transactions or arrangements that limit the economic risk of participating in unvested entitlements. Currently, the Company has no performance- or equity-based remuneration schemes. Any future performance- or equity-based remuneration scheme for non-executive Directors would have objectives set so the objectivity of the decision-making of the non-executive Directors would not be compromised and would be cancelled upon termination of employment.

Market comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board will continue to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the

competition for talented executives requires the Company to reward key employees when they consistently perform well.

Board remuneration

Non-executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive Directors. The Board sets the remuneration of the Managing Director with the executive director in question not present. Shareholders approve the maximum aggregate remuneration for non-executive Directors. The Board determines actual payments to Directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities and the duties and accountabilities of Directors. A review of Directors' remuneration is conducted annually, to benchmark overall remuneration, including retirement benefits.

Termination payments

Termination payments for executives are clearly defined in the executive's agreement. Non-executive Directors do not receive termination payments.

Review

The Board will formally review this policy every year or when certain milestones of the Company are approaching.