

5. BOARD REMUNERATION AND EVALUATION POLICY

1. INTRODUCTION

The ASX Guidelines require that the Company provide disclosure in relation the Company's remuneration policies to help enable investors to better understand: (1) the costs and benefits of these policies; and (2) the link between remuneration paid to directors and key executives and corporate performance.

As an additional recommendation, the Guidelines require a company to clearly distinguish between the structure of non-executive remuneration and that of executive remuneration.

2. BOARD EVALUATION

2.1. Goal of Evaluation

In order that the Board carries out its primary objective to create value for shareholders, it needs to establish a governance framework that facilitates the achievement of this goal. The following specific issues may arise as the Company develops the primary governance issues that need to continually be monitored by the Board:

- Does the Board have the right structure, skills and motivation to carry out the legal and economic requirements to which it is subject?
- Are the processes that the Board uses to carry out its tasks efficient and effective?
- Are the relationships, feedback and monitoring mechanisms between the Board, management and external stakeholders effective and strong enough to allow the Board to carry out its role?

Therefore, while the Board will review other issues as they arise, the assessment of the above items will be key goals of the evaluation.

2.2. Focus of Evaluation

In addressing the above goals, the Board must undertake a review of all aspects of its operation. This of course needs to reflect any changes to the Board in its size and complexity. The evaluation will consider:

- Operation of the Board as a whole;
- Functioning and operation of individual committees;
- Role of Chairperson;
- Role of Company Secretary; and
- Performance of individual directors.

2.3. Evaluation Process

In conducting the evaluation, the Board will focus on its own members and the Company Secretary, however depending on the issues, it may ask senior management or other key stakeholders to assist.

The Chairperson will conduct the evaluation based upon his appraisal, feedback and/or interviews. The Chairperson will establish, with outside help if required, a questionnaire to ensure he/she covers all key areas of interest in a systematic way.

3. BOARD REMUNERATION POLICY

3.1. Fixed Annual Reward

The fixed annual reward can comprise a base salary and other allowances the policy committee may approve.

The level of remuneration is determined by the role, skill and experience of the individual as well as their individual performance and is reviewed annually, in line with these criteria as well as labour market conditions.

3.2. Superannuation

No retirement benefits are payable to any Board member. However, Statutory Superannuation is payable. Board members may salary sacrifice if they so elect.

3.3. Options

The Board reserves the right to issue Executive Board members with equity based remuneration, including options, as part of its compensation procedures. These equity based incentives are commonly linked to specific performance based targets and are designed around appropriate performance benchmarks that measure relative performance and provide rewards for material improvements in the Company's performance.

3.4. Expenses

Any expenses a director incurs in the normal course of their work that is not covered by their remuneration package, shall be reimbursed in line with Company policy.

3.5. Reporting of Remuneration Policy

In line with ASX Guidelines the Nominations and Remuneration Committee will ensure:

- The reporting on director remuneration in the Annual Report meets the ASX Guidelines as well as the relevant provisions of the Corporations Act 2001 and relevant accounting standards;
- A summary of the remuneration policy is published in the Annual Report; and
- The remuneration policy of the Company is published on the website.

3.6. Non-Executive Director Remuneration

Non-Executive Directors fees are paid within an aggregate limit which is approved by the shareholders from time to time. The limit of Non-Executive Director fees is set at a maximum of \$250,000. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Director's retirement or termination.

Historically, Non-Executive Directors remuneration may include an incentive portion consisting of bonuses, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules. Currently, there is no scheme to provide incentives to Non-Executive Directors.

The amount of aggregate remuneration sought to be approved by Shareholders, and the manner in which it is apportioned amongst Directors, is reviewed annually. The Board considers the amount of Directors fees being paid by comparable companies with similar responsibilities and the experience of the Non-Executive Directors when undertaking the annual review process.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution.

3.7. Executive Director Remuneration

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long-term incentive portion as appropriate.