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# Remuneration Committee Charter

**ELK PETROLEUM Limited (ACN 112 566 499)**

**18 September 2014**

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## **1. Purpose**

### **1.1 Scope of this document**

This document sets out the basis on which the board of Directors (“**Board**”) of ELK PETROLEUM Limited (ACN 112 566 499) (the “**Company**”) has established a Remuneration Committee (“**Committee**”). The objective and purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company’s remuneration functions.

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## **2. The Remuneration Committee**

### **2.1 Composition of the Committee**

The Committee will be composed of at least three members and will be chaired by an independent Director.

Unless otherwise determined by the Committee, the Company Secretary will act as the Secretary of the Committee.

### **2.2 Role of the Committee**

The role of the Committee is to provide advice and assistance to the Board in fulfilling its responsibilities by:

- (a) recommending appropriate remuneration policies to the Board, which will enable the Company to attract, retain and motivate Directors, executives and employees;
- (b) establishing systems designed to enhance the performance of individual employees of the Company and of the Company as a whole; and
- (c) fairly and responsibly rewarding executives and other employees having regard to the performance of the Company, the performance of the executive or employee and the general pay environment.

### **2.3 Responsibilities of the Committee**

The responsibilities of the Committee are:

#### *General responsibilities*

- (a) keeping itself apprised of the latest developments, policies and trends regarding remuneration issues which affect the market(s) in which the Company operates;
- (b) providing advice to the Board on remuneration issues and policies. In advising the Board on remuneration issues and policies, the Committee

will have regard to the overriding goal of ensuring that Directors and senior executives of the Company are motivated to pursue the long-term growth and success of the Company within an appropriate control framework and that there is a clear relationship between performance and remuneration;

- (c) identifying and retaining such advisers and consultants in relation to remuneration issues as the Committee considers necessary;
- (d) advising the Board on superannuation arrangements for the Company's Directors, executives and employees; and
- (e) considering whether there is any gender or other inappropriate bias in remuneration for Directors, executives or other employees.

#### *Remuneration of executives*

- (f) determining, in consultation with the Board, a policy for the remuneration of the Managing Director/Chief Executive Officer and such other senior executives as the Board requires it to consider. The Company will not permit the Managing Director/Chief Executive Officer or an Executive Director to have direct involvement in the determination of their remuneration;
- (g) recommending to the Board the total remuneration package of each executive, including where appropriate, non-cash components, bonuses, incentive schemes and shares or share options;
- (h) reviewing the senior management performance assessment processes and results;
- (i) making recommendations to the Board regarding the Company's recruitment, retention and termination policies and procedures for senior executives;

#### *Incentive schemes*

- (j) making recommendations to the Board regarding policies governing incentive schemes, including equity-based remuneration plans, and requesting the Board to seek shareholder approval of such policies where necessary or appropriate;

#### *Remuneration of non-executive Directors*

- (k) making recommendations to the Board regarding policies for the remuneration of non-executive Directors of the Company;
- (l) advising the Board on the total quantum of remuneration to be paid to all non-executive Directors and assisting the Board in communicating the basis for remuneration of non-executive Directors to shareholders;

- (m) advising the Board on the allocation of the Directors' total quantum of remuneration between the non-executive Directors (including the Chairman); and
- (n) evaluating the time required of non-executive Directors to perform their duties.

#### 2.4 **Authority of the Committee**

The Board authorises the Committee to seek any information it needs from any employee of the Company to assist it in the performance of its obligations. The Committee is permitted to select, set the terms of reference and appoint such remuneration consultants or advisers as the Committee considers necessary at the cost of the Company.

The Committee is permitted to seek the advice and assistance of any of the executives of the Company but must ensure that this role is clearly distinguished from the executive's ordinary role within the Company.

The Committee does not have any executive powers in respect of its findings and recommendations.

#### 2.5 **Committee meetings**

##### *Number of meetings*

The Committee will meet no less than once a year and at such other times as the Committee considers necessary and appropriate.

##### *Attendance at meetings*

The Managing Director/Chief Executive Officer will have the right to address any meeting of the Committee. All Directors are invited to attend the meetings of the Committee. Other persons may attend a meeting of the Committee by invitation only.

##### *Administrative procedures at meetings*

The Secretary or the senior executive responsible for Human Resources will take minutes of the proceedings and resolutions of all meetings of the Committee, including the names of those persons in attendance. Minutes of the Committee meetings will be circulated to all members of the Committee. The Committee will approve the minutes and distribute any approved minutes to all members of the Board for consideration at the next Board meeting.

Other procedural matters regarding the meetings of the Committee will be governed by the constitution of the Company to the extent that it is applicable.

## 2.6 **Quorum**

The quorum required for the transaction of business by the Committee will be 2 members. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions exercisable by the Committee.

## 2.7 **Reporting**

The Committee will report to the Board. The reports of the Committee will contain all matters relevant to the Committee's responsibilities as set out in this charter.

## 2.8 **Review of performance**

The Committee will periodically review its functions, roles, responsibilities and work to assess whether it is operating effectively by reference to this charter and prevailing market practices. As part of that review, the Committee shall review and assess the terms of this charter and make any recommendations for changes to the Board of the Company.