



NEW STANDARD
ENERGY

NEW STANDARD ENERGY LIMITED
REMUNERATION COMMITTEE POLICY

Remuneration Policy

New Standard is committed to the close alignment of remuneration to shareholder return, particularly that of the executives. To this end, the Company's remuneration system is designed to attract, motivate and retain people by identifying and rewarding high performers and recognising their contribution to the continued growth and success of the Company.

The Board recognises that the Company operates in a global environment. To prosper in this environment, we must attract, motivate and retain key executive staff.

Key principles and objectives of the Company's remuneration policy are to ensure that remuneration practices:

- Reward reflects the competitive global market in which we operate;
- facilitate the achievement of the Company's objectives;
- provide strong linkage between executive incentive rewards and creation of value for shareholders;
- attract, retain and motivate employees of the required capabilities;
- are simple to understand and implement, openly communicated and are equitable across the Company;
- Individual reward is based on performance across a range of indicators that apply to delivering results across the company;
- Executives are rewarded for both financial and non-financial performance;
- Senior executives receive a significant component of their reward in equity and are required to retain that holding over time; and
- comply with applicable legal requirements and appropriate standards of governance.

The Company's remuneration policy and structure reflects the following broad remuneration practices to ensure policy target remuneration package positioning:

- a performance based remuneration system;
- a Short-Term Incentive Plan (STIP) with performance criteria assigned for both individual and Company performance; and
- a Long-Term Incentive Plan (LTIP) utilising Quantum Rights consisting of Performance Rights with performance hurdles linked to absolute total shareholder return (TSR) and Retention Rights linked to tenure.

Remuneration Committee

New Standard has adopted a Remuneration Committee as a sub-committee of the Board and does not include Directors that are either Executive or not Independent. The Remuneration Committee is responsible for oversight of the remuneration policy and system and reporting of such to the Board.

It is also responsible for evaluating the performance of the Executive Directors and monitoring performance of the executive management team. The Board, upon recommendation of the Remuneration Committee, determines the remuneration of the Executive Directors and approves the remuneration of the executive management team.

The objective of the Remuneration Committee is to ensure that remuneration policies and systems attract and retain executives and directors who will create value for shareholders.

In determining competitive remuneration rates, the Remuneration Committee seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Constitution

The Remuneration Committee has been established by resolution of the Board.

Membership

The Remuneration Committee shall be appointed by the Board and shall consist of not less than two.

Directors will be appointed to the Remuneration Committee for a term of three years or such shorter time as they remain in the office of Director. Directors shall not serve consecutive terms on the Remuneration Committee where possible.

Chairman

The Remuneration Committee shall appoint a Non-Executive Director as the Chairman of the Committee.

Secretary

The Company Secretary shall be the Secretary of the Remuneration Committee.

Quorum

A quorum shall be two members.

Meeting Frequency

Remuneration Committee meetings will be held not less than once a year to enable the Committee to undertake its role effectively.

Reporting Procedures

The Secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Committee for comment and change before being signed by the Chairman of the Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Remuneration Committee meeting along with any recommendations of the Remuneration Committee.

Duties Of the Remuneration Committee

The duties of the Remuneration Committee are to:

- assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for directors and senior executives;
- assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
- obtain the best possible advice in establishing salary levels;
- set policies for senior executives' remuneration;
- review the salary levels of senior executives and make recommendations to the Board on

- any proposed increases;
- propose, for full Board approval, the terms and conditions of employment for the Managing Director;
- review the Company's recruitment, retention and termination policies and procedures for senior management;
- review and make recommendations to the Board on the Company's incentive schemes; and review and make recommendations to the Board on the Company's superannuation arrangements.

Remuneration

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and 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. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance, and the board endorses the use of incentive and bonus payments..

Board Remuneration

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.
