

## Remuneration Policy

### Objectives

The overall remuneration arrangements will serve to enable Pan Pacific Petroleum NL (“Company”) to set remuneration levels that are competitive in order to:-

- attract and retain appropriately qualified and experienced Directors and employees who will create value for shareholders and who will support the Company’s values; and
- reward employees fairly and responsibly having regard to the performance of the employee and the general remuneration environment.

### Remuneration Packages

#### Fixed Remuneration

Remuneration packages are set at a fixed rate based on the following:-

- the role performed by the employee;
- market rate for the role; and
- the individual skills and level of experience provided by the relevant employee.

Fixed Remuneration should consist of the base remuneration which is to be calculated on a total cost basis and to include any FBT charges related to any benefits that the employee receives as part of their fixed remuneration and the minimum statutory requirement for superannuation. Unless expressly referenced to the contrary, an employee’s annual salary is expressed as being inclusive of superannuation. The fixed remuneration for part-time employees is paid on a pro-rata basis. Specific terms of any part-time arrangement should be set out in the relevant employee’s contract of employment.

Performance assessments are carried out with respect to each employee to co-incide with the end of financial year. The performance assessment of Senior Executives, being executives who report to the CEO or the Board are to be undertaken by the CEO/Individual director and the performance assessments of other employees is to be undertaken by each employee’s manager. The CFO assists the CEO/Individual director in the benchmarking of employees as part of this process. The CEO/individual director will then provide a recommendation to the Board for approval for Senior Executives and with respect to other employees any manager who has employees reporting to them will provide a recommendation to the CEO for approval.

The CEO/Individual director has the authority and responsibility of recommending any proposed bonus for any employee to the Board.

#### Short Term and Long Term Incentives

Performance Bonuses are paid to the CEO or a Senior Executive where the terms of the CEO’s or the Senior Executive’s employment contract references the payment of a performance bonus. In this instance the sum payable would be determined and subject to the CEO or the relevant Senior Executive having achieved previously agreed performance objectives with the Board and the terms of their employment contract. General discretionary bonuses based on the performance of the Company or an individual may also be paid to employees from time to time. The CEO/Individual director is responsible for recommending any proposed bonus for any employee to the Board. Whilst the Company does not consider it

practicable or appropriate due to the size or business environment of the Company to establish a long term incentive plan at this stage of the Company's development, the Company may award options to senior employees as part of an annual performance bonus assessment. Any options awarded in this instance would be awarded subject to the terms of any relevant contract of employment. The Company will however continue to review on an ad-hoc basis the suitability and adoption of a general incentive plan to ensure that the Company's current position continues to meet the remuneration objectives of the Company.

### **Termination Payments**

Termination payments are determined on a case by case basis in accordance with relevant legislation except where they have been contractually defined.

### **Directors**

Directors are paid commensurate with their level of involvement or at lesser amounts as determined by the board. The maximum aggregate fee approved by shareholders at the 2009 AGM is \$400,000p.a. Directors do not receive any performance based remuneration.

Last updated: 24 August 2015