



ABN 13 112 682 158

REMUNERATION COMMITTEE CHARTER

Introduction

This Charter governs the procedures of the Cockatoo Coal Limited ('Company') Remuneration Committee ('Committee') and outlines the procedures and guidelines in relation to the remuneration of Directors and senior executives of the Company.

1. Overall Purpose/Objectives

1.1 The role of the Committee is to consider and review the Company's remuneration arrangements for its Directors and senior executives and accordingly make recommendations to the Board with respect to the following:

- An Executive remuneration and incentive policy.
- The remuneration of the Managing Director and any other Executive Directors, the Company Secretary and all senior executives reporting directly to the Managing Director.
- An Executive incentive plan and an equity based incentive plan.
- The remuneration of Non-Executive Directors.
- Superannuation arrangements.
- Recruitment, retention, performance measurement and termination policies and procedures for Non-Executive Directors, the Managing Director and any other Executive Directors, the Company Secretary and all senior executives reporting directly to the Managing Director.
- The disclosure of remuneration in Company's public materials including ASX filings and the Annual Report.

2. Authority

2.1 The Board authorises the Committee, within the scope of its responsibilities, to:

- Seek any information it requires from:
 - any employee (and all employees are directed to co-operate with any request made by the Committee)
 - external parties.

- Obtain outside legal or other professional advice.
- Ensure the attendance of Company officers at meetings as appropriate.

3. Organisation

Membership

- 3.1 The Committee will comprise a minimum of three members, of which a majority will be non-executive directors.
- 3.2 Each member should be capable of making a valuable contribution to the committee.
- 3.3 The majority of members should be independent of management.
- 3.4 The chairman of the Committee will be nominated by the Board from time to time.
- 3.5 Members will be appointed for a three year term of office.
- 3.6 A quorum for any meeting will be two members.
- 3.7 The secretary of the Committee will be the Company Secretary, or such other person as nominated by the Board or the committee from time to time.

Attendance at Meetings

- 3.8 The Committee may invite such other persons (e.g. the Chairman, CEO, CFO) to its meetings, as it deems necessary.
- 3.9 The external auditors should be invited to make presentations to the Committee as appropriate.
- 3.10 Meetings shall be held not less than two times a year. Special meetings may be convened as required. The external auditors may convene a meeting if they consider that it is necessary.
- 3.11 The proceedings of all meetings will be minuted.

4. Roles and Responsibilities

The Committee will:

Executive Remuneration Policy

- 4.1 Review and make recommendations to the Board regarding Company's policy for determining Executive remuneration including, but not limited to, pension rights and compensation payments, and any amendments to that policy proposed from time to time by Management.

- 4.2 Review the on-going appropriateness and relevance of the Executive remuneration policy and other Executive benefit programs.
- 4.3 Consider whether to seek Shareholder approval of the Executive remuneration policy.
- 4.4 Oversee the implementation of the remuneration policy within Company.

Executive Directors and Senior Management

- 4.5 Consider and make recommendations to the Board on the entire specific remuneration for the Managing Director and any other Executive Director, (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the Executive Remuneration Policy.
- 4.6 Review and make recommendations to the Board regarding the proposed remuneration (including incentive awards, equity awards and service contracts) for the Company Secretary and all Senior Executives reporting directly to the Managing Director.
- 4.6 Determine whether any Shareholder approvals are required.
- 4.8 Ensure that any equity-based Executive remuneration is made in accordance with Shareholder approvals.

Executive Incentive Plans

- 4.9 Review and make recommendations to the Board regarding the design of all Executive Incentive Plans.
- 4.10 Review and make recommendations to the Board regarding the total proposed payments from each Executive Incentive Plan.

Equity Based Plans

- 4.11 Review and make recommendations to the Board regarding the design of all equity-based plans.
- 4.12 Keep all plans under review in the light of legislative, regulatory and market developments.
- 4.13 For each equity-based plan, determine each year whether awards will be made under that plan.
- 4.14 Review and make recommendations to the Board regarding total proposed awards under each plan.
- 4.15 In addition to considering awards to the Company Secretary or any Senior Executives reporting directly to the Managing Director, review and make recommendations to the Board regarding proposed awards under each plan on an individual basis for Executives as required under the rules governing each plan or as determined by the Committee.

4.16 Make recommendations to the Board and keep under review performance hurdles for each equity-based plan.

Non-Executive Director Remuneration

4.17 Review and establish the level of remuneration for Non-Executive Directors. The level of Director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with Boards of similar size and type.

4.18 Where necessary recommend that the Board seek an increase in the amount of remuneration for Non-Executive Directors approved by Shareholders.

4.19 The Committee may request Management or external consultants to provide necessary information upon which the Board may make its determination.

Disclosure

4.20 In order to maintain remuneration transparency, both the levels and process of setting the remuneration for Non-Executive Directors, the Managing Director and his direct reports are to be fully and fairly reported. Consistent with the disclosure policy the Committee will review all public disclosures and statements concerning the matter the subject of this policy including disclosures in:

- ASX filings.
- The Annual Report.
- Press releases.

Approvals

4.21 Before implementing any of the following proposals the Board will ask the Committee to review the proposal and make a recommendation to the Board in relation to it:

- Any change to the remuneration or contract terms of the Managing Director and any other Executive Director (as may exist from time to time), the Company Secretary and all Senior Executives reporting directly to the Managing Director.
- The design of any new equity plan or Executive cash-based incentive plan, or the amendment of any existing equity plan or Executive cash-based incentive plan.
- The total level of award proposed from equity plans or Executive cash-base incentive plans.

- Any termination payment to the Managing Director, any other Executive Director(as may exist from time to time), the Company Secretary or any Senior Executive reporting directly to the Managing Director. A termination payment to any other departing Executive must be reported to the Committee at its next meeting.

5. Review

The Company Secretary will conduct an annual review of the Charter to ensure that the Charter continues to reflect the current processes and guidance utilised when assessing the appropriate remuneration of the Directors and the Senior Executives.

The Board will need to approve any amendments to the Charter that stem from the review.