



**ABN 63 009 193 980**

# **BLACKTHORN RESOURCES LIMITED**

## **REMUNERATION POLICY**

**April 2011**

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### **REMUNERATION POLICY**

#### **1. Introduction**

- 1.1 The Board of Blackthorn Resources recognises that the Company's performance and success depends on its ability to attract and retain suitably qualified and experienced people in a competitive remuneration market.

At the same time, remuneration practices must take account of the nature and size of the organisation and its current stage of development.

- 1.2 Remuneration of non-executive directors and executives of Blackthorn Resources is to be determined and structured in accordance with this Policy.
- 1.3 This Policy is established by and the responsibility of the Remuneration Committee.

#### **2. Principles**

- 2.1 This Policy sets out the broad principles and practices that will be used to structure remuneration for non-executive directors and executives of Blackthorn Resources.

- 2.2 The Remuneration Policy adopted has been designed to:

- a) align with shareholder and business objectives and expectations;
- b) attract and retain suitably qualified and experienced people;
- c) provide a level and composition of remuneration that is reasonable, fair and aligned to market;
- d) encourage directors and executives to pursue the long-term growth and success of the Company, balanced against the need to also achieve critical short-term business objectives;
- e) align to corporate and individual performance;
- f) be internally consistent;
- g) be transparent with respect to setting performance goals and the measurement of performance against those goals;
- h) align with regional and industry norms and regulatory requirements.

- 2.3 In establishing and reviewing the Remuneration Policy, the Remuneration Committee will consider comparable information from relevant industry sectors and other listed companies in similar industries.

### **3. Executive Remuneration**

#### *3.1 Remuneration Structure*

- 3.1.1 Remuneration packages may consist of fixed remuneration, short-term incentives and long-term equity-based benefits.
- 3.1.2 Remuneration packages can be tailored to an individual's requirements to maximise available salary packaging options.
- 3.1.3 Total fixed remuneration consists of base salary, non-cash benefits provided inclusive of FBT costs, as well employer contributions to superannuation.
- 3.1.4 Short-term incentives consist of cash bonuses payable under the Company's Employee Incentive Plan, and are paid on the basis of an individual's performance and contributions during the year.

The Employee Incentive Plan is managed by the Remuneration Committee, who sets and reviews relevant performance targets against which an individual's and the Company's short-term performance are measured.

- 3.1.5 Long-term benefits are provided by way of equity-based incentives under the Company's Employee Option Plan, and are granted based on an assessment made by the Remuneration Committee taking account of an individual's position, service and market based assessment and an individual's capacity to influence corporate value.

The Employee Option Plan is managed by the Remuneration Committee, who recommends grants to individuals and the terms and performance criteria applicable.

#### *3.2 Remuneration Setting and Review*

- 3.2.1 The Remuneration Committee is responsible for determining appropriate levels and structure of remuneration for executives.
- 3.2.2 The Remuneration Committee is responsible for approving performance metrics for executives and measuring performance against those metrics.
- 3.2.2 The Remuneration Committee will review the remuneration of executives annually, taking account of market movements, comparative remuneration information and individual performance.
- 3.2.3 Where relevant the Remuneration Committee will seek advice from independent third parties to bench-mark executive remuneration packages against relevant market positions.

#### **4. Non-executive Director Remuneration**

##### *4.1 Remuneration Structure.*

- 4.1.1 The Board's policy is to remunerate non-executive directors at market rates for comparable companies for the time, commitment and responsibilities undertaken by non-executive directors.
- 4.1.2 Remuneration payable to non-executive directors consists of fixed fees payable within the aggregate director fees approved by shareholders from time to time. In addition, statutory employer superannuation contributions are payable where relevant.
- 4.1.3 Base fixed fees payable to non-executive directors will take account of work undertaken on Board committees. Additional fixed fees will be paid to directors who chair a Board committee.
- 4.1.4 In addition, non-executive directors may participate under the terms of the Company's Employee Option Plan, subject to the relevant approval of shareholders.
- 4.1.5 Other than by way of payment of statutory employer superannuation contributions, retirement benefits will not be granted to non-executive directors.
- 4.1.6 From time to time, the Board may ask individual directors to devote extra time or undertake additional duties. At the Board's discretion, directors who undertake these further tasks may receive additional payment for this work.
- 4.1.7 Non-executive directors will be reimbursed for expenses associated with undertaking their duties.

##### *4.2 Remuneration Setting and Review*

- 4.2.1 The Remuneration Committee is responsible for determining appropriate levels and structure of remuneration for non-executive directors.
- 4.2.2 The Remuneration Committee will review the remuneration of non-executive directors annually. If considered necessary, the Remuneration Committee will recommend that shareholders be asked to consider, and if considered appropriate, to approve any increase in the aggregate non-executive director fees. The total amount of fixed fees paid to non-executive directors must not exceed the maximum amount authorised by shareholders from time to time.
- 4.2.3 Where relevant the Remuneration Committee will seek advice from independent third parties to bench-mark non-executive director remuneration against relevant market practice.

## **5. Publication of this Policy**

- 5.1 The key features of this Policy will be outlined in Blackthorn Resources' annual report.
- 5.2 This policy will be made available to Blackthorn Resources' shareholders on request.
- 5.3 A copy of this Policy will be made available on Blackthorn Resources' website [www.blackthornresources.com.au](http://www.blackthornresources.com.au)

**Approved and adopted by the Board of Blackthorn Resources Limited on 20 April 2011.**