

REMUNERATION STATEMENT

The remuneration committee is the Board of Directors of Compass Resources NL (Company).

Overall remuneration policies are subject to the discretion of the Board and will be adapted to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so. Within this framework, the Board considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for executive directors and senior executive management.

Shareholders must also approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders in accordance with operative law.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance, relevant comparative information and expert advice where required.

The proportion of fixed and variable remuneration is established for each executive director and senior executive by the committee. The objective of any short term incentives is to link achievement of the Company's operational targets with the remuneration received by executives charged with meeting those targets. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth.

The committee's remuneration policies are designed to align executive's remuneration with shareholders' interests, promote superior performance and to attract and retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policies are that:

- reward reflects the competitive market in which the Company operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The structure of remuneration packages for executive directors and other senior executive management consists of the following:

- salary – executive directors and senior executives receive a fixed sum base salary payable monthly in cash;
- short term incentives – through eligibility to participate in performance bonus plans;
- long term incentives – executive directors are eligible to participate in share option schemes with the prior approval of shareholders. Senior executives may also

participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to senior executives outside of approved employee option plans in exceptional circumstances; and

- other benefits - executive directors and senior executives are eligible to participate in superannuation schemes.

Remuneration of other managers consists of the following:

- salary - managers receive a fixed sum base salary payable monthly in cash;
- short term incentives – through eligibility to participate in performance bonus plans, if deemed appropriate;
- long term incentives - managers may participate in employee share option schemes which have been approved by shareholders; and
- other benefits – managers are eligible to participate in superannuation schemes.

In accordance with current corporate governance practices, the structure for the remuneration of non-executive directors and senior executives is separate and distinct.

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, as appropriate. The maximum aggregate remuneration approved for directors is currently \$400,000.

The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

At the current stage of the Company's development, non-executive directors may be entitled to participate in equity based remuneration schemes.