



REMUNERATION COMMITTEE CHARTER

1. INTRODUCTION

The Remuneration Committee has been established by resolution of the Board of Karoon Gas Australia Ltd (**Karoon** or **Company**).

2. MEMBERSHIP

The Remuneration Committee shall be structured so that it:

- (a) consists of a majority of independent directors;
- (b) has at least 3 members.

3. CHAIRMAN

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

4. SECRETARY

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

5. QUORUM

A quorum shall be two members who are Non-Executive Directors.

6. MEETING FREQUENCY

The Remuneration Committee meetings will be held at least once a year to enable the Committee to undertake its role effectively.

7. REPORTING PROCEDURES

The minutes of the Committee meeting are to be tabled at the next Board meeting following the Committee meeting along with any recommendations of the Committee.

8. CONFLICTS OF INTEREST

Members of the Remuneration Committee will not be present or vote on matters that involve a conflict of interest or involve spouses, parents, children or siblings of the relevant member.

9. AUTHORITY

The Remuneration Committee is authorised by the Board to investigate any activity within its Charter. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Remuneration Committee.

The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary.

The Remuneration Committee is required to make recommendations to the Board on all matters within its Charter.

10. DUTIES

The Remuneration Committee makes recommendations for Board review and is responsible for the following.

- (a) 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.
- (b) To assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities.
- (c) To obtain the best possible advice in establishing salary levels.
- (d) To set policies for senior executives' remuneration.
- (e) To review the salary levels of senior executives and make recommendations to the Board on any proposed increases or incentives.
- (f) To review recommendations from the CEO relating to proposed merit increases for direct reports.
- (g) To propose, for full Board approval, the terms and conditions of employment for the CEO.
- (h) To review and make recommendations to the Board on the Company's recruitment, retention and termination policies and procedures for senior management.
- (i) To review and make recommendations to the Board on the Company's incentive schemes.

- (j) To review and make recommendations to the Board on the Company's superannuation arrangements.

- (k) The Remuneration Committee will pay regard to the ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* (2nd edition, 2007), in particular in relation to Recommendation 8.2 and Box 8.1 and Box 8.2 (Guidelines for executive remuneration packages and Guidelines for non-executive Directors remuneration respectively), and the Karoon Senior Executives Remuneration Policy and the Karoon Non-Executive Directors Remuneration Policy.



Robert Hosking
Executive Chairman
24 March 2008