

1. PURPOSE

The Company is committed to ensuring that its remuneration practices enable it to:

- a) Provide appropriate compensation to employees for the services they provide to the Company;
- b) Attract and retain employees with the skills required to effectively implement the corporate strategy through the management of all operations of the business;
- c) Motivate employees to perform in the best interests of the Company and its stakeholders;
- d) Provide an appropriate level of transparency and meet all applicable stock exchange and regulatory requirements; and
- e) Ensure a level of equity and consistency across the Company.

2. STRUCTURE

The Company will structure its remuneration practices to comprise both fixed remuneration and performance based (at risk), short and long term, remuneration. In setting this structure, the Company will review remuneration practices of comparable organisations in the jurisdictions in which it operates for roles at all levels of the Company.

The proportion of an employee's total remuneration that is at risk will increase with seniority and with the individual's ability to impact the performance of the Company. At risk elements of total remuneration will comprise both short term incentives as a reward for annual performance and long term incentives that align with medium and longer term strategy. The at risk remuneration is aimed at setting incentives that align with shareholder interests.

3. FIXED REMUNERATION

Fixed remuneration is set at the time of recruitment to the position having regard to the levels paid in comparable organisations within the jurisdiction the employee is based, recognising the need to maintain flexibility to reflect an individual's experience or specialist skills and market demand for particular roles.

A review of fixed remuneration is to be conducted on an annual basis using market surveys and analysis, which may be supported by information gathered from remuneration consulting organisations.

Any increases in fixed remuneration will be based on market movements, Company performance and individual performance.

Fixed remuneration for executives is set at a sufficient level to provide appropriate compensation where performance is satisfactory but not superior.

Fixed remuneration for Executive KMP and Senior Executives is to be provided as a base salary providing flexibility to receive remuneration as cash, payments to superannuation and / or retirement savings plans and / or private health plans and / or non-cash benefits. Where any Fringe Benefits Tax or similar tax is payable by the Company, including non-cash benefits, the amount of such tax is to be included in the calculation of Total Cost Basis.

4. PERFORMANCE BASED (AT RISK) REMUNERATION

In addition to fixed remuneration employees may be offered performance based remuneration which will be paid to reward superior (as opposed to satisfactory) performance.

Performance based remuneration will initially be calculated against predetermined and challenging targets which will be subject to approval, review and revision by the Remuneration and Nomination Committee and/or Board to guard against anomalous or unequitable outcomes.

Performance based remuneration can comprise both short term (usually annual) and medium to long term (1 - 3 year) incentives.

4.1 Short Term Incentives

Short term incentive plans are based on preset corporate goals and targets linked to Company strategy and will also include meeting individual generic and specific targets assessed against pre-determined Key Performance Indicators (“KPI’s”). These goals and targets encourage as a priority above all others the safety of all employees and contractors and the best practices for the environment.

The Corporate goals and Targets comprise financial and non-financial indicators. However the outcomes of the formula calculation are reviewed by the Board to guard against anomalous or unequitable outcomes and the ultimate decision on any payment will be at the Board’s discretion.

4.2 Long Term Incentives

The Board believes significant value can be created for shareholders with the delivery by the executives and employees on the strategic outcomes and goals set by the Board.

Long term incentives (“LTI’s”) will be provided to eligible employees to reward creation of shareholder value, provide incentives to create further value and to attract and retain executives and employees.

The measurement of longer-term value creation will generally be linked to the delivery of;

- Total Shareholder Returns (“TSR”), which will be measured in part on an absolute basis and in part relative to a group of appropriate peer companies; and/or
- specific Company goals and outcomes linked to the Company’s strategy.

Generally, LTI awards will consist of, but not limited to, the granting of performance rights and/or share options at the discretion of the Board.

LTI awards will generally vest after completion of a suitable period of continued employment following the date of grant, subject to meeting performance hurdles and other vesting conditions established by the Board.

In order to attract and retain Executive KMP and Senior Executives, a portion of the total LTI awards granted to Executive KMP and Senior Executives may have vesting conditions linked only to the completion of a desired length of service over a 1 to 3 year period.

4.3 Sign-On Allowances

In order to attract certain exceptional candidates and to compensate such candidates for foregone LTI or STI awards at a prior employer, it may be appropriate to pay a ‘Sign-on’ or ‘Attraction’ allowance. Such allowance may be paid by way of performance rights, options or cash and may include a period or periods of retention.

4.4 Termination Payments

Termination payments will be based on contractual obligations (where applicable), terms and conditions of employment or relevant statutory requirements and, unless already a legal obligation at the date of adopting this Policy will not exceed 6 months’ compensation. Exceptions to this will require Board approval on a case by case basis and, where required under the Corporations Act, shareholder approval.

4.5 Hedging of At Risk Remuneration Components

Executives are not permitted to hedge any components of their at-risk remuneration.

4.6 Claw Back

The Board has adopted a Claw Back Policy which permits the claw back of vested and unvested short and long term incentives granted to Executive KMP and Senior Executives, in accordance with the terms of the applicable incentive, including if the Board becomes aware of a material misstatement in its financial statements or other reports, including but not limited to fraud or dishonesty, which would deem that some or all of the performance based remuneration should not have been paid.

5. NON-EXECUTIVE DIRECTOR REMUNERATION PRINCIPLES

The aggregate level of annual fees paid to non-executive Directors is approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act (Australia). The Board will determine the actual quantum of fees to be received by individual non-executive Directors within the aggregate level approved by shareholders.

In setting these fees, the Board will have regard to market rates, the particular circumstances of the Company and consequent expected workloads of the non-executive Directors.

Non-executive Directors are remunerated by way of fees paid, including fees paid in recognition of leadership of, and/or membership of, Board committees, superannuation and, in certain circumstances, by way of individual grants of LTI awards of equity (including options). Such individual grants and/or participation in such equity plans will be permitted where the Board believes it is in the best interests of the Company to do so – in particular where such inclusion may reduce the amount of cash remuneration otherwise required to be paid to attract the appropriate calibre of directors.

6. DEFINITIONS

For the purpose of this Policy the following definitions apply:

Board means the board of **Directors** of the **Company**.

Committee means the audit and risk management committee or the remuneration and nomination committee of the **Board**.

Company means Australis Oil & Gas Limited.

Director means a member of the **Board**.

Executive KMP means Board Executives.

KMP means Key Management Personnel and has the meaning given in the *Corporations Act 2001* (Australia).

Senior Executive means a manager of Vice President level or above.

TSR means Total Shareholder Return.

7. FURTHER INFORMATION

For further information, clarification or questions regarding the content or application of this Policy please contact the Company Secretary.

Approved by the Board: 22 August 2019