

REMUNERATION COMMITTEE CHARTER

A INTRODUCTION

This Charter for sets out the specific responsibilities delegated by the Board of Directors (**Board**) of African Energy Resources Limited (**Company**) to the Remuneration Committee and details the manner in which the Committee will operate.

B ROLE AND AUTHORITY OF THE COMMITTEE

1. Role of Committee in Respect of Remuneration Matters

The role of the Committee is to review and make recommendations to the Board in respect of the following remuneration matters:

- (a) executive remuneration policy;
- (b) remuneration (including performance measures and targets) of the Managing Director, any other Executive Director and all senior executives reporting directly to the Managing Director;
- (c) executive incentive/bonus and equity-based incentive plans
- (d) remuneration of Non-Executive Directors;
- (e) the recruitment, retention, performance measurement and termination policies and procedures for Non-Executive Directors, the Managing Director, any other Executive Director, the Chief Financial Officer and all senior executives reporting directly to the Managing Director;
- (f) the disclosure of remuneration in the Company's public filings;
- (g) the processes and criteria for evaluating the performance of the Managing Director and reviewing the Managing Director's assessment of all senior executives reporting directly to Managing Director; and
- (h) the processes and criteria for the evaluation of the Board as a whole, committees of the Board and individual Directors.

2. Approvals

The Committee will review proposals for, and make recommendations to the Board in relation to:

- (a) the remuneration or contract terms of the Managing Director, any other Executive Director, the Chief Financial Officer/Company Secretary and all senior executives reporting directly to the Managing Director, and any changes thereto;
- (b) the design or amendment of any equity plan or executive cash-based incentive/bonus plan;
- (c) the total level of award proposed from equity plans or executive cash-based incentive/bonus plans; and
- (d) any termination payment to the Managing Director, any other Executive Director, the Chief Financial Officer/Company Secretary or any senior executive reporting directly to the Managing Director.

3. Authority

The Committee shall have authority:

- (a) to engage and consult any independent counsel or advisor that it considers necessary to carry out its duties.
- (b) to set the compensation for any advice obtained in (a), any such costs to be of any such consultation.
- (c) to call on any employee of the Company to the extent that the Committee considers necessary and appropriate to carry out the Committee's role and responsibilities.
- (d) The Committee is entitled to engage external advisers and to seek professional advice from appropriate external advisers as and when it considers it appropriate and may meet with these external advisers without management being present.

C COMPOSITION AND MEETINGS OF THE COMMITTEE

1. Composition

- (a) The Committee shall be comprised of two members appointed by the Board, which due to the Company's size need not be independent. The Board will appoint one of these members as the Chairman of the Committee annually following the election of Directors of the Company at the Annual General Meeting of shareholders.
- (b) Consideration will be given to rotating the Committee members periodically depending on the size of the Board.
- (c) The Board will appoint members of the Committee with regard to the provisions of the Corporations Act 2001 (Cth) (Australia) and the Principles of Good Corporate Governance and Best Practice Recommendations as adopted by the ASX, as adopted and amended from time to time.
- (d) Any member of the Committee may be removed or replaced at any time by the Board.

2. Meetings

- (a) The Committee will meet as frequently as is necessary but not less than annually. Any Committee member may call a meeting of the Committee.
- (b) The Committee may invite any executive management team member, any other Board member or any other individual to attend a meeting of the Committee, as it considers appropriate.
- (c) The Committee Chairman will report to the Board (at the next Board meeting) following each meeting on the activities, findings and recommendations of the Committee.
- (d) Minutes of meetings of Committee will be distributed to all Committee members and the Chairman of the Board. Committee meeting materials will be made available to any Director upon request, provided that no conflict of interest exists.
- (e) A quorum at any meeting of the Committee will be a majority of members. Each member will have one vote and the Chairman of the Committee will not have a second or casting vote.
- (f) All determinations of the Committee will be made by a majority of its members represented at a meeting.

3. Role of the Chairman of the Committee

- (a) The role of the Chairman of the Committee is to provide overall leadership to in reviewing the aims, strategy, policy and direction of the Committee so as to further the best interests of the Company, including:
 - (i) taking all reasonable steps to ensure that the responsibilities and duties of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible;
 - (ii) to act as the principal sounding board and counsel to the Company with respect to remuneration issues
 - (iii) setting the frequency and agenda for Committee meetings, and receiving and considering input from other Committee members, the Chairman of the Board and management;
 - (iv) communicating information and findings of the Committee to the Board;
 - (v) fostering ethical and responsible decision making by the Committee and its individual members; and encouraging free and open discussion at meetings of the Committee;
 - (vi) chair and manage meetings of the Remuneration Committee.

D DUTIES AND RESPONSIBILITIES

1. Remuneration Matters

- (a) The Committee is responsible for all matters related to the compensation of Board members and senior management and for reporting and making recommendations to the Board regarding such matters. Without limiting the generality of the foregoing, the Committee will have the following duties:
 - (i) review and make recommendations to the Board regarding the Company's policy for determining executive remuneration, and any amendments to that policy that are proposed by management;
 - (ii) oversee the implementation of the remuneration policy within the Company;
 - (iii) review and approve, the position description for the Managing Director;
 - (iv) establish annual objectives for the Managing Director and review his or her performance against these objectives;
 - (v) oversee the process by which the Non-Executive Directors evaluate the performance of the Managing Director and make recommendations to the Non-Executive Directors based on the results of the evaluation;
 - (vi) review the Managing Director's assessment of the performance of all senior executives reporting directly to the Managing Director;
 - (vii) review and make recommendations to the Board with respect to hiring and succession planning for the Managing Director;
 - (viii) review succession plans relating to other key senior executive positions as determined by the Committee or the Managing Director from time to time, to ensure that an adequate number of individuals are being developed;

- (ix) consider and make recommendations to the Board on the remuneration package (including base pay, incentive payments, equity awards, retirement rights, service contracts) for the Managing Director, any other Executive Director, the Chief Financial Officer/Company Secretary and any other senior executive reporting directly to the Managing Director having regard to the Company's executive remuneration policy;
- (x) review and make recommendations to the Board regarding the design of executive cash incentive/bonus plans (including performance measures and targets and the assessment of performance against objectives), and equity based plans;
- (xi) review all equity based and cash incentive/bonus plans regularly for compliance with all legislative, regulatory and market developments;
- (xii) review and make recommendations to the Board regarding awards under each equity based plan and incentive/bonus plan including, in particular, the vesting conditions for each award made under an equity based plan and the performance measures under any incentive/bonus plan;
- (xiii) review and establish the level of remuneration for Non-Executive Directors, so as to attract the best candidates, while maintaining a level commensurate with boards of a similar size and type;
- (xiv) make recommendations regarding the total amount of remuneration for Non-Executive Directors and any increases thereto; and
- (xv) review and approve executive compensation disclosure under the applicable corporate and securities law.

2. Performance Evaluation Process

The Committee will make recommendations to the Board, from time to time, in respect of the performance evaluation process for evaluating each of the Board, the Board committees and individual Directors, wherein the key elements of the evaluation process are as follows:

- (a) the assessment must be independent of management;
- (b) the assessment process must be designed to encourage open and constructive discussion in relation to performance;
- (c) confidentiality of each individual's performance assessment must be maintained;
- (d) full disclosure of the assessment process and overall performance results;
- (e) issues that have been identified during the performance evaluation must be discussed in the appropriate forum and followed up regularly between reviews; and
- (f) the performance of each individual Director, the Board and its committees, as a group, must be evaluated.

The Committee will make recommendations to the Board regarding the criteria to be used in conducting performance assessments.

The Committee will make a recommendation to the Board, prior to each performance review, as to whether the results of such review should be processed by an independent expert or by the Committee.

If required by the Board, the Committee will conduct the performance evaluation of each member of the Board as a whole, the Board committees (other than the Committee) and individual Directors.



3. Review of Charter

The Committee will review this Charter annually and, if necessary, recommend changes to the Board for approval.