

APPENDIX 8.2

Remuneration Policy

REMUNERATION POLICY

AMMTEC Limited is committed to ensuring that its remuneration practices enable the Company to:

- Appropriately compensate employees for the services they provide to the Company;
- Attract and retain employees with skills required to effectively manage the operations and growth of the business;
- Motivate employees to perform in the best interests of the Company and its stakeholders;
- Provide an appropriate level of transparency; and
- Ensure a level of equity and consistency across the group.

Remuneration Committee

Under the terms of the Remuneration Committee Charter, the role of the Committee is to provide advice and make recommendations to the Board on the following matters:

- Remuneration policy and any changes to remuneration policy and practices for all employees whose remuneration is not determined through Awards or Enterprise Bargaining Agreements;
- The remuneration for non-Executive Directors;
- The remuneration for the Managing Director and members of the Executive Management Team, being those executives reporting to the Managing Director;
- Targets for the Company's financial performance as they relate to incentive plans, and the performance-based (at-risk) components of remuneration; and
- Allocations made under all equity-based remuneration plans.

Remuneration Policy and Procedures: Non-Executive Director Remuneration

Non-executive Directors are remunerated by way of fees paid and superannuation.

The overall level of annual Non-Executive Director's fees is approved by shareholders in accordance with the requirements of Corporations Act. Directors decide on actual fees, set by reference to the market and within the bounds of the shareholder approval.

Employee Remuneration

AMMTEC aligns its remuneration with that of comparable organisations for roles at all levels of the Company. A systematic role evaluation methodology is used to establish each employee's appropriate level of remuneration. Remuneration comprises elements of fixed remuneration and performance-based (at-risk) remuneration.

At a minimum, all full-time and part-time employees have an element of their remuneration at-risk once they have been with the Company for a six-month qualifying period, after which they are eligible to participate in the Employee Share Plan described below in Equity-Based Remuneration.

The employee's "at-risk" remuneration increases with seniority and with the individual's ability to impact the performance of the Company. At-risk elements of total remuneration comprise both short-term incentives as a reward for performance and long-term incentives that align medium and long-term shareholder interests. The long-term incentive structure also encourages retention of high performance employees in the organisation.

An annual performance review process assesses the degree to which each employee is satisfying the requirements of his/her role and the degree to which established performance objectives have been achieved.

Fixed Remuneration

AMMTEC's principal remuneration strategy for fixed remuneration is to align it with the medians of comparable industry positions. AMMTEC benchmarks its position against broad-banded target market rates, using market surveys and analysis supported by information gathered from a number of organisations.

A systematic assessment of roles at all levels of the organisation is done, using techniques that facilitate comparison with the markets in which AMMTEC competes for employees.

Fixed remuneration for executives is provided on a Total Cost basis, providing flexibility to receive remuneration as cash, payments to superannuation or non-cash benefits such as vehicles, along with related expenses. Where FBT is payable by the Company for allowed items such as vehicles, the amount of the FBT is included in determining the amount allocated to the Total Cost package.

All employees have the flexibility to receive a portion of their remuneration in the form of minor items limited by the provisions of legislation covering Fringe Benefits Tax (FBT) or as superannuation beyond that contributed by the Company.

Performance-Based (At-Risk) Remuneration

AMMTEC has introduced targets for the weighting between Short Term Incentive (STI) targets and Long Term Incentive (LTI) targets as a percentage of total remuneration and they differ between each category of employees as follows:

Category	STI	LTI
Managing Director	20%	40%
Management Executives	20%	30%
Senior Technical Managers	5%	15%

STI's are taken in the form of cash bonuses and the levels of STI's are determined on an annual basis by the Managing Director based on the financial performance of the company for the year and individual contributions to that performance. Any STI's are approved by the Remuneration Committee on recommendation of the Managing Director if appropriate.

The LTI takes the form an Employee Share Option Plan, which has a vesting period of 3 years and contains specific performance hurdles for each category of employee. These performance hurdles are as follows:

- Total Shareholder Return (TSR)
- Earnings Per Share (EPS)
- Profitability Performance Measures (PPM)

The same performance hurdles apply to the Management Executives and the Managing Director. The vesting conditions are a dual test of Earnings Per Share (EPS) and Relative Total Shareholder Return (TSR) (Vesting Conditions). The Board considers it appropriate to have a dual test since:

- an EPS component rewards achievement against a target which is within management's influence, thereby focusing executives on the Company's key business drivers; while
- a TSR component provides both an additional hurdle (where reward is only delivered for 'out-performing' a target) plus transparency for external stakeholders.

The Board believes that the dual tests, if achieved, will demonstrably aid the creation of shareholder value.

Each Vesting Condition is weighted evenly with vesting details as follows:

Earnings Per Share Target (50%)		Relative Total Shareholder Return Target (50%)	
EPS Growth Above Target*	Options to Vest	TSR Growth Above Target**	Options to Vest
< 10%	Nil	<50 th percentile	0
By 10%	50%	At 50.1 th percentile	50%
Between 10% and 20%	An additional 5% for each 1% increment (straight line vesting)	Between > 50 th and 75 th percentile	2% for each 1 percentile increase (straight line vesting)
By 20%	100%	>75 th percentile	100%
Between 20% and 30%	An additional 2.5% for each 1% increment (straight line vesting)		
By 30%	125%		

* Target is EPS from prior year adjusted for one off transactions in that year.

** Target is constituents of comparator group of entities (comparators based on operations and market capitalisation).

The performance hurdles for the Senior Technical Managers are 50% EPS and 50% PPM. The PPM's for this group are based on divisional revenue (25%) and the recordable injury frequency rate (25%).

- The EPS target is the same as for the Management Executives and Managing Director.
- For divisional revenue if budgeted revenue is met then 100% of the options will vest.
- For recordable injury frequency rate the options vest based on the following scale:

Total Recordable Injury Rate	Options to Vest	Options to Vest each year
20% or greater than the prior year	Nil	Nil
Between 20% higher and the same as the prior year	25%	8.25%
Same as prior year	50%	16.5%
Between the same as the prior year and 20% lower	75%	24.75%
More than 20% lower than the prior year	100%	33%

Equity-Based Remuneration

Equity-based remuneration is used for delivering components of at-risk remuneration through:

- Shares awarded under the terms of the Employee Share Plan, under which all qualifying employees, except Executive Directors, are eligible to receive up to \$1,000 worth of Company shares per year. Shares awarded through the Plan are issued at market value with the total cost fully expensed; or
- Options awarded under the terms of the shareholder-approved Employee Share Option Plan as a long-term component of remuneration provided to senior executives. Options awarded through the Plan have an exercise price established on the basis of the market price at the time of approval, a three-year vesting period and clear performance hurdles requiring out-performance relative to a reference group of listed companies. Values disclosed for options awarded are determined using the Black-Scholes valuation method expanded using a trinomial lattice to include probability assumptions allowing for the incorporation of performance hurdles. Options are recorded as an expense when they are issued. The total number of options that can be awarded is limited to 5% of total number of shares on issue.

Termination Payments

Termination payments are based on specific contractual arrangements for all employees. The basis for determining entitlements in the event of termination is consistent with the contractual obligations set out in those documents, which in turn align with market norms and practice.

Disclosure of Remuneration

Total remuneration reported will include appropriate values for all elements of remuneration, incorporating fixed remuneration, performance-based remuneration comprising payments made or value provided for at-risk components, superannuation and value for benefits provided and equity-based components of remuneration. Where possible, reported remuneration will relate to the year in which the remuneration is earned. Other than disclosure included in this document and annual reports, remuneration information is confidential between the Company and the employee, other than when disclosure is required by law, and there is a mutual obligation and expectation to retain that confidentiality.