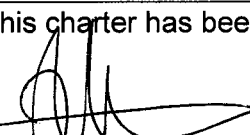


E&A Limited
ACN 088 588 425
("Company")

Nomination and Remuneration Committee **Charter**

This charter has been ratified by the Board of Directors of E&A Limited on 24 October 2007.



Company Secretary

Next due for review October 2008.

Revision History

Version No

1

Date Approved by the Board

24 October 2007

1. GENERAL PURPOSE

1.1 Objective

The Nomination and Remuneration Committee ("**Committee**") is a committee established by the board of directors of the Company ("**Board**") to:

- 1.1.1 examine and implement adequate selection and appointment practices to ensure the composition of the Board is appropriate to meet the needs of the Company; and
- 1.1.2 ensure the remuneration within the Company, is appropriately designed to enhance corporate and individual performance whilst also meeting the needs of the Company as a whole.

1.2 Function

The primary functions of the Committee are to:

- 1.2.1 develop transparent procedures for the selection, appointment and removal of Directors;
- 1.2.2 establish and maintain policies for Appointment and Removal of Directors, the Induction, Evaluation and Continuing Education of Directors and Remuneration;
- 1.2.3 make recommendations to the Board on all aspects of remuneration at all levels within the Company;
- 1.2.4 evaluate the performance of the Board its Committees and the Directors; and
- 1.2.5 developing succession plans.

2. STRUCTURE

2.1 Members

The Committee must consist of at least two directors who fulfil the criteria set out in item 2.5 ("**Committee Members**").

2.2 Appointment and Removal

The Committee Members shall be appointed and removed by ordinary resolution of the Board.

2.3 Duration of Appointment

Each Committee Member will be appointed for an initial term of three years ("**Term**"). To ensure adequate rotation of the Committee Members, no Committee Member may be appointed for more than three (3) consecutive terms. For the avoidance of doubt a Committee Member may be removed by the Board during their Term.

2.4 Chairman

The chairman of the Committee will be an independent director ("**Chairman**").

2.5 Criteria

The Committee should consist of:

- 2.5.1 a majority of Independent Directors; and
- 2.5.2 directors with experience and understanding of the current and future needs of the Board, including the composition, skills, experience and expertise of the Board which are required to effectively manage the Company.

3. POWERS

3.1 Powers

3.1.1 In fulfilling its duties, any Committee Member may:

- (a) access any document, report, material or information in the possession of the Company, an employee or external adviser of the Company which is required to fulfil its duties;
- (b) at the cost of the Company and in accordance with clause 10 of the Board Charter, obtain independent professional advice to assist in the proper exercise of its powers;
- (c) as necessary, request the assistance of any employee, Director or external adviser of the Company;
- (d) as necessary, consult with any employee, Director or external adviser of the Company regarding their remuneration package, but shall not allow such persons to be directly involved in determining their remuneration; and

(e) any other thing or action reasonably necessary to enable the Committee to fulfil its duties.

3.1.2 For the avoidance of doubt, the Committee does not have the power to enter into transactions on behalf of the Company, or bind the Company in any other way or form.

3.2 **Exercise**

The Committee must exercise the powers delegated to it in accordance with this Charter, the Constitution of the Company and the directions of the Board and to the extent of any inconsistency the Charter shall apply.

3.3 **Review**

The powers of the Committee shall be reviewed regularly to ensure its powers and activities meet the needs of the Board, comply with corporate governance requirements and reflect changes in the Company.

4. **MEETINGS**

4.1 **Convening of Meetings**

The Committee shall meet as frequently as is required to fulfil its duties set out in item 5, but must convene a minimum of two meetings in each financial year.

4.2 **Agenda**

The Secretary shall in consultation with the Chairman, Directors and Committee Members, prepare and distribute a notice and agenda for each meeting to all Committee Members.

4.3 **Minutes**

The Chairman must provide minutes of each Committee meeting to the Board for inclusion in the papers of the next Board meeting following the Committee meeting.

4.4 **Quorum**

A quorum will comprise of two (2) Committee Members. In the absence of the Chairman, the Committee Members may elect a Committee Member present at the meeting to take the chair.

4.5 **Voting**

Each Committee Member shall have one vote and the Chairman shall not have a deciding vote.

4.6 **Attendance**

The Committee may at its discretion invite additional persons to attend the Committee meetings, including without limitation, any external adviser, any member of the Board, the Chief Executive Officer or Chief Financial Officer. Where such persons are invited to attend, the Committee must set aside time during the meeting for discussion without any executives of the Company present, unless the business of the meeting does not require this to occur.

5. DUTIES

5.1 Appointment and Removal Policy

The Committee will over time develop, implement and maintain a policy setting out the procedure for the selection, appointment and removal of Directors. The Committee will ensure any such policy is as transparent as possible so as to encourage and promote investor confidence and understanding of the Board. The Committee will make recommendations for the appointment or removal of Directors in accordance with any applicable policy.

5.2 Induction, Evaluation and Continuing Education of Directors

The Committee will over time develop, implement and maintain a policy setting out the principles for the Induction, Evaluation and Continuing Education of Directors within the Company. The Induction, Evaluation and Continuing Education of Directors will provide a basis for assessment of the expectations and performance of Directors.

5.3 Remuneration Policy

The Committee will over time develop, implement and maintain a policy setting out the remuneration principles for various levels within the Company. The remuneration policy will provide an appropriate framework for determining remuneration packages at all levels within the Company.

5.4 Approval of Remuneration Packages

5.4.1 The Committee must approve all remuneration packages of directors, executives and senior management to ensure they comply with the Remuneration Policy, the Constitution and the Company's objectives. In considering the remuneration packages of directors, executives and senior management, the Committee must pay particular attention to the Company's desire to attract and retain a high quality Board and senior management, so as to maximise the ultimate benefits to the Company and its Shareholders.

5.4.2 The Committee must also approve:

- (a) any amendment to the remuneration package of directors, executives and senior management;
- (b) any termination payments to be made to directors, executives or senior management; and
- (c) any equity based plans for the remuneration of directors, executives or senior management.

5.5 Regular Assessment

The Committee will regularly assess:

- 5.5.1 the necessary and desirable competencies of Directors;
- 5.5.2 the composition and structure of the Board;
- 5.5.3 the remuneration levels throughout the Company; and

5.5.4 the mix of skills and experience of the Directors,

and as required make recommendations to the Board to ensure that the Board's is structured in a manner which enables it to discharge its legal, social and financial obligations.

5.6 **Review of Remuneration**

The Committee will regularly review and make recommendations to the Board on:

5.6.1 changes to the Constitution, law or regulation which may have an effect on the Company's remuneration policy

5.6.2 remuneration packages at all levels of the Company, including without limitation, directors, executives, senior management and support staff;

5.6.3 the application of incentive schemes, such as bonuses and employee share schemes;

5.6.4 the recruitment, retention, retirement and termination policies of the Company as a whole, with particular attention to executive and senior management;

5.6.5 annual, sick, maternity, parental and long service leave arrangements;

5.6.6 performance evaluation and bonuses for senior management and executives;

5.6.7 compliance with legal obligations regarding remuneration;

5.6.8 salary packaging and superannuation arrangements; and

5.6.9 individual remuneration of executive and non-executive directors,

with the overall aim of motivating and rewarding the performance of its directors, executives and employees.

5.7 **Succession Plans**

The Committee will establish and regularly consider a succession plan for the Board, to ensure that the Board continues to be structured in a manner that enables it to discharge its legal, social and financial obligations.

5.8 **Review and Recommendations**

At least once in each financial year, the Committee will review:

5.8.1 the performance, skills, competencies and experience of each Director; and

5.8.2 the performance and competency of the Board, its committees and directors as a whole.

5.9 **Enhancement**

The Committee should consider and as appropriate make recommendations to enhance the competencies, skills and experience of the Directors and the Board as a whole, so as to assist the Board in effectively discharging its legal, social and financial obligations.

5.10 **Management**

The Committee Members should regularly liaise with management to obtain feedback on the performance of the Directors and the performance and composition of the Board generally.

5.11 **Information**

The Committee must ensure that the Board, management and the Human Resources manager are provided with sufficient information regarding remuneration within the Company so as to enable them to make informed decisions about remuneration of individuals in the Company.

5.12 **Disclosure**

The Committee is responsible for ensuring that the Company adequately discloses the remuneration of directors, executives and senior management in accordance with all legal and regulatory requirements, including without limitation the ASX Listing Rules and the Corporations Act 2001(Cth).

5.13 **Board Request**

The Committee must examine and review any matters referred to it by the Board.

5.14 **Annual Report to Board**

The Committee shall provide to the Board a report:

- 5.14.1 any recommendations for the appointment or removal of new or existing Directors; and
- 5.14.2 a statement as to whether the remuneration policy and remuneration of Directors, executives and senior management is fair and reasonable having regard to comparable companies.

5.15 **Self Assessment**

- 5.15.1 At least two months prior to the end of each financial year, the Committee will review the performance of the Committee and each Committee Member against the requirements set out in this Charter.
- 5.15.2 Where the Committee considers that a Committee Member has not performed their functions in accordance with this Charter, the Committee may make a recommendation to the Board that the Committee Member be removed.