

LTI PERFORMANCE MEASURES AND ASSESSMENTS:**Measures**

Performance measures align the reward to an improvement of shareholder value, with a key focus on safety performance and operational efficiency. To measure performance, the Board believes that management should focus on improving shareholder financial outcomes directly, and consequently references to comparative measures do not provide a valuable gauge of successful outcomes.

The Board has chosen to use an absolute measure of shareholder value, Total Shareholder Return (TSR) (increase in market value of shares plus dividends paid), as the primary measure of how management has improved shareholder value. This primary measure is supported by:

- an improvement in the internal financial measure of diluted earnings per share (EPS) (profit after tax divided by shares and options on issue) ensuring that shareholder value is created without excessive dilution from the use of additional equity,
- an improvement in return on equity (ROE) (profit after tax over shareholder funds at the financial year end) to ensure that management increasingly utilises the equity invested to improve profits.

Finally, the importance of providing a safe working environment is fundamental to the operation of the Group and only if employees return safely to their families has the business ultimately been successful. Total Reportable Injury Frequency Rate (TRIFR) is an industry standard for the measurement of safety performance. A world class target of 5 (being five reportable "incidents" per million hours worked) has been chosen as MRL's LTI target. In addition, a set of sub-targets is used to measure safety performance at the operational level.

Assessments

	Measure	Weighting	2013/14 Financial Year Score	2012/13 Financial Year Score	Weighting Achieved	Target
1	Service Hurdle	Threshold				Continued employment with the Group
2	External:					
2a.	TSR	35%	\$1.96 per share	\$(0.24) per share	35%	Achieve an improvement on previous corresponding period
3	Internal:					
3a.	EPS (diluted)	20%	124.1 cents per share	97.4 cents per share	20%	Achieve an improvement on previous corresponding period
3b.	ROE	20%	20.2%	17.7%	20%	Achieve an improvement on previous corresponding period
3c.	Safety measure	25%	7.16		nil	Achieve rolling 12 month TRIFR ≤ 5 (considered best practice)
		100%			75%	

Non-executive Directors' remuneration

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive Directors' fees and payments are reviewed annually by the Remuneration Committee. The Chairman's fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive Directors do not receive share options or other non-cash incentives. Directors' remuneration is in accordance with the amount approved by shareholders from time to time (currently \$500,000) and has not been increased since the Company listed in 2006.

Non-executive Directors may provide consulting services on agreed commercial terms to the Group. The scope and estimated cost of such services are approved by the Board prior to engagement.