

## REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of the Company, in connection with the management of the affairs of the entity and its subsidiaries, during the year to 30 June 2019. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including Directors of the Company and other executives. Key management personnel comprise the Directors of the Company and executives of the Company and the Consolidated Entity.

### A. REMUNERATION POLICY

#### Remuneration Committee

At 30 June 2019, the function of the Remuneration Committee (“the Committee”) was carried out by the Board.

The function of the Board in fulfilling its corporate governance responsibilities with respect to remuneration is by reviewing and making appropriate recommendations on:

- (a) Remuneration packages of Non-Executive Directors, Executive Directors and Senior Management;
- (b) Employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### Remuneration Policy

The Committee adopts the following policies on executive compensation and will bear these policies in mind during remuneration reviews:

All key executives should be paid fair market Total Fixed Remuneration (“TFR”) for their employment, taking into account their responsibilities and performance expectations.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

The Committee’s policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when needed. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. The Directors are not required to hold any shares in the Company under the Company’s Constitution.

#### Executive Directors’ and Senior Management Remuneration

In considering the Company’s Remuneration Policy and levels of remuneration for Executives, the Committee makes recommendations that seek to:

- Motivate Executive Directors and Senior Management to pursue long term growth and success of the Company within an appropriate control framework;
- Demonstrate a clear correlation between Executives’ performance and remuneration; and
- Align the interests of Executives with the long-term interests of the Company’s shareholders.

To the extent that the Company adopts a different remuneration structure for its Executive Directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

#### Non-Executive Director Remuneration

In considering the Company’s Remuneration Policy and levels of remuneration for Non-Executive Directors, the Committee is to ensure that:

- Fees paid to Non-Executive Directors are within the aggregate amount approved by shareholders and recommendations are made to the Board with respect to the need for increases to this aggregate amount at the Company’s Annual General Meeting;
- Non-Executive Directors are remunerated by way of fees (in the form of cash);
- Non-Executive Directors are not provided with retirement benefits; and

- Non-Executive Directors are not entitled to participate in equity-based remuneration schemes designed for Executives without due consideration and appropriate disclosure to the Company’s shareholders.

To the extent that the Company adopts a different remuneration structure for its Non-Executive Directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

**KEY MANAGEMENT PERSONNEL**

During the year ended 30 June 2019 the Key Management Personnel (“KMP”) of IEC were:

| Name                        | Position Held                                 |
|-----------------------------|---|
| Mr Graeme Robertson         | Non-Executive Chairman                        |
| Mr Troy Wilson              | Non-Executive Director                        |
| Mr Alan Fraser <sup>1</sup> | Non-Executive Director                        |
| Mr David Nolan <sup>2</sup> | Non-Executive Director                        |
| Mr James Shedd <sup>3</sup> | Managing Director and Chief Executive Officer |
| Ms Kerry Angel              | Chief Financial Officer                       |

<sup>1</sup>Mr Alan Fraser was appointed 24 August 2018

<sup>2</sup>Mr David Nolan resigned 24 August 2018

<sup>3</sup>Mr James Shedd was appointed 7 November 2018, CEO since 27 December 2016

# Remuneration Report



## B. DETAILS OF REMUNERATION

| 2019                            | Short-term      |            |                       | Post-Employment |                     | Long-term          | Share-based Payment |          |                 | TOTAL    | % of Remuneration granted as options |          |
|---------------------------------|-----------------|------------|-----------------------|-----------------|---------------------|--------------------|---------------------|----------|-----------------|----------|--------------------------------------|----------|
|                                 | Salary and fees | Cash bonus | Non-monetary benefits | Superannuation  | Retirement Benefits | Long service leave | Shares              | Options  | Incentive plans |          |                                      |          |
|                                 | \$              | \$         | \$                    | \$              | \$                  | \$                 | \$                  | \$       | \$              | \$       | %                                    |          |
| <b>NON-EXECUTIVE DIRECTORS</b>  |                 |            |                       |                 |                     |                    |                     |          |                 |          |                                      |          |
| Mr G Robertson                  | 114,608         | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 114,608                              | -        |
| Mr T Wilson                     | 40,000          | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 40,000                               | -        |
| Mr A Fraser <sup>1</sup>        | 33,333          | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 33,333                               | -        |
| Mr D Nolan <sup>2</sup>         | 6,667           | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 6,667                                | -        |
| <b>KEY MANAGEMENT PERSONNEL</b> |                 |            |                       |                 |                     |                    |                     |          |                 |          |                                      |          |
| Mr J Shedd                      | 454,096         | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 454,096                              | -        |
| Ms K Angel                      | 257,683         | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 257,683                              | -        |
| <b>Total</b>                    | <b>906,387</b>  | <b>-</b>   | <b>-</b>              | <b>-</b>        | <b>-</b>            | <b>-</b>           | <b>-</b>            | <b>-</b> | <b>-</b>        | <b>-</b> | <b>906,387</b>                       | <b>-</b> |

<sup>1</sup>Appointed 24 August 2018 <sup>2</sup>Resigned 24 August 2018

| 2018                            | Short-term      |            |                       | Post-Employment |                     | Long-term          | Share-based Payment |          |                 | TOTAL    | % of Remuneration granted as options |          |
|---------------------------------|-----------------|------------|-----------------------|-----------------|---------------------|--------------------|---------------------|----------|-----------------|----------|--------------------------------------|----------|
|                                 | Salary and fees | Cash bonus | Non-monetary benefits | Superannuation  | Retirement Benefits | Long service leave | Shares              | Options  | Incentive plans |          |                                      |          |
|                                 | \$              | \$         | \$                    | \$              | \$                  | \$                 | \$                  | \$       | \$              | \$       | %                                    |          |
| <b>NON-EXECUTIVE DIRECTORS</b>  |                 |            |                       |                 |                     |                    |                     |          |                 |          |                                      |          |
| Mr G Robertson                  | 113,233         | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 113,233                              | -        |
| Mr D Nolan <sup>1</sup>         | 40,000          | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 40,000                               | -        |
| Mr T Wilson <sup>2</sup>        | 30,000          | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 30,000                               | -        |
| Mr M Addison <sup>3</sup>       | 10,000          | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 10,000                               | -        |
| <b>KEY MANAGEMENT PERSONNEL</b> |                 |            |                       |                 |                     |                    |                     |          |                 |          |                                      |          |
| Mr J Shedd                      | 407,581         | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 407,581                              | -        |
| Ms K Angel                      | 226,646         | -          | -                     | -               | -                   | -                  | -                   | -        | -               | -        | 226,646                              | -        |
| <b>Total</b>                    | <b>827,460</b>  | <b>-</b>   | <b>-</b>              | <b>-</b>        | <b>-</b>            | <b>-</b>           | <b>-</b>            | <b>-</b> | <b>-</b>        | <b>-</b> | <b>827,460</b>                       | <b>-</b> |

<sup>1</sup>Resigned 24 August 2018 <sup>2</sup>Appointed 4 October 2017 <sup>3</sup>Resigned 28 September 2017

## C. CASH BONUSES

There were no cash bonuses paid during the year.

## D. SHARE BASED PAYMENT BONUSES

There were no share-based payment bonuses paid during the year.

## E. OPTIONS ISSUED AS PART OF REMUNERATION

No options were issued as part of remuneration during the year (2018: Nil)

## EMPLOYMENT CONTRACTS OF DIRECTORS AND EXECUTIVES

Until 31 October 2014, Mr Graeme Robertson was employed by the Company as Executive Chairman. Mr Robertson transferred to a non-executive role on 31 October 2014 and continued on the Board as Non-Executive Chairman. He was entitled to receive three months' termination payment. His Non-Executive Chairman's fees are \$85,000 per annum. Mr Robertson is also the Non-Executive Chairman of Tancoal Energy Limited (Tancoal), a 70% owned subsidiary of IEC. During the year he received director's fees of US\$21,176 from Tancoal.

Mr Troy Wilson was employed as Non-Executive Director on 4 October 2017, his Non-Executive Director's fees are \$40,000 per annum.

Mr Alan Fraser was employed as Non-Executive Director on 24 August 2018, his Non-Executive Director's fees are \$40,000 per annum.

Mr Marc Schwartz was employed as Non-Executive Director on 31 July 2019, his Non-Executive Director's fees are \$40,000 per annum.

Mr David Nolan was employed as Non-Executive Director from 3 April 2017 till 24 August 2018, his Non-Executive Director's fees were \$40,000 per annum.

Mr James (Jim) Shedd was appointed Managing Director of IEC from 7 November 2018 and has been employed as Chief Executive Officer from 27 December 2016 for an indefinite period until terminated by either party by giving not less than three months' notice. Mr Shedd's salary is US\$280,000 and A\$40,000 per annum. Mr Shedd is also a non-executive director of Tancoal Energy Limited (Tancoal), a 70% owned subsidiary of IEC, during the year he received director's fees of US\$25,714 from Tancoal.

The key terms of Mr Shedd's remuneration package are as follows:

- Total Fixed Remuneration (TFR) of US\$280,000 and A\$40,000 (including superannuation contributions), subject to annual review;
- Eligibility to participate in the Company's incentive scheme as approved by the Board from time to time;

Ms Kerry Angel is employed as the Chief Financial Officer. Ms Angel's salary is US\$170,000 and A\$40,000 per annum including superannuation.

Each employment contract of Executive Directors and Executives includes:

- Base total fixed remuneration (including superannuation) to be reviewed annually;
- Provision of annual leave, accrued balance payable upon termination;
- Provision made for the awarding of bonuses at the recommendation of the Committee ("STI"); and
- Provision made for the award of performance share rights ("LTI"), subject to shareholder approval.

No payments were made under an LTI or STI scheme for the year ended 30 June 2019.

## F. KEY MANAGEMENT PERSONNEL COMPENSATION – OPTIONS

| 2019                     | Balance at beginning of year | Granted during the year as compensation | Exercised during the year | Lapsed / cancelled during the year | Balance at the end of the year | Vested and exercisable |
|--------------------------|------------------------------|---|---------------------------|------------------------------------|--------------------------------|------------------------|
| Mr G Robertson           | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr T Wilson              | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr A Fraser <sup>1</sup> | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr D Nolan <sup>2</sup>  | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr J Shedd               | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Ms K Angel               | –                            | –                                       | –                         | –                                  | –                              | –                      |
| <b>Total</b>             | <b>-</b>                     | <b>-</b>                                | <b>-</b>                  | <b>-</b>                           | <b>-</b>                       | <b>-</b>               |

<sup>1</sup>Mr Alan Fraser was appointed 24 August 2018

<sup>2</sup>Mr David Nolan resigned 24 August 2018

| 2018                      | Balance at beginning of year | Granted during the year as compensation | Exercised during the year | Lapsed / cancelled during the year | Balance at the end of the year | Vested and exercisable |
|---------------------------|------------------------------|---|---------------------------|------------------------------------|--------------------------------|------------------------|
| Mr G Robertson            | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr T Wilson <sup>1</sup>  | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr D Nolan <sup>2</sup>   | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr M Addison <sup>3</sup> | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Mr J Shedd                | –                            | –                                       | –                         | –                                  | –                              | –                      |
| Ms K Angel                | –                            | –                                       | –                         | –                                  | –                              | –                      |
| <b>Total</b>              | <b>-</b>                     | <b>-</b>                                | <b>-</b>                  | <b>-</b>                           | <b>-</b>                       | <b>-</b>               |

<sup>1</sup>Mr Troy Wilson was appointed 4 October 2017

<sup>2</sup>Mr David Nolan resigned 24 August 2018

<sup>3</sup>Mr Michael Addison resigned 28 September 2017

## G. KEY MANAGEMENT PERSONNEL COMPENSATION – FULLY PAID SHARES

The numbers of shares in the Company held during the financial year or at time of resignation by each Director or KMP of IEC are set out below:

| 2019                     | Balance at beginning of year | Granted during the year as compensation | Received during the year on exercise of options | Changes during the year* | Balance at the end of the year |
|--------------------------|------------------------------|---|---|--------------------------|--------------------------------|
| Mr G Robertson           | 131,306,585                  | –                                       | –   | 250,000                  | 131,556,585                    |
| Mr T Wilson              | –                            | –                                       | –   | –                        | –                              |
| Mr A Fraser <sup>1</sup> | –                            | –                                       | –   | –                        | –                              |
| Mr D Nolan <sup>2</sup>  | –                            | –                                       | –   | –                        | –                              |
| Mr J Shedd               | –                            | –                                       | –   | –                        | –                              |
| Ms K Angel               | –                            | –                                       | –   | –                        | –                              |
| <b>Total</b>             | <b>131,306,585</b>           | <b>–</b>                                | <b>–</b>  | <b>250,000</b>           | <b>131,556,585</b>             |

<sup>1</sup>Mr Alan Fraser was appointed 24 August 2018

<sup>2</sup>Mr David Nolan resigned 24 August 2018

\*Changes during the year represent shares acquired or sold by KMP or their associates

| 2018                      | Balance at beginning of year | Granted during the year as compensation | Received during the year on exercise of options | Changes during the year* | Balance at the end of the year |
|---------------------------|------------------------------|---|---|--------------------------|--------------------------------|
| Mr G Robertson            | 131,306,585                  | –                                       | –   | –                        | 131,306,585                    |
| Mr T Wilson <sup>1</sup>  | –                            | –                                       | –   | –                        | –                              |
| Mr D Nolan <sup>2</sup>   | –                            | –                                       | –   | –                        | –                              |
| Mr M Addison <sup>3</sup> | –                            | –                                       | –   | –                        | –                              |
| Mr J Shedd                | –                            | –                                       | –   | –                        | –                              |
| Ms K Angel                | –                            | –                                       | –   | –                        | –                              |
| <b>Total</b>              | <b>131,306,585</b>           | <b>–</b>                                | <b>–</b>  | <b>–</b>                 | <b>131,306,585</b>             |

<sup>1</sup>Mr Troy Wilson was appointed 4 October 2017

<sup>2</sup>Mr David Nolan resigned 24 August 2018

<sup>3</sup>Mr Michael Addison resigned 28 September 2017

\*Changes during the year represent shares acquired or sold by KMP or their associates

## H. KEY MANAGEMENT PERSONNEL COMPENSATION – PERFORMANCE RIGHTS

The numbers of performance rights in the Company held during the financial year or at time of resignation by each Director or KMP of IEC, including their personally related parties, are set out below:

| 2019                     | Balance at beginning of year | Granted during the year as compensation | Vested during the year | Lapsed/cancelled during the year | Balance at the end of the year |
|--------------------------|------------------------------|---|------------------------|----------------------------------|--------------------------------|
| Mr G Robertson           | –                            | –                                       | –                      | –                                | –                              |
| Mr T Wilson              | –                            | –                                       | –                      | –                                | –                              |
| Mr A Fraser <sup>1</sup> | –                            | –                                       | –                      | –                                | –                              |
| Mr D Nolan <sup>2</sup>  | –                            | –                                       | –                      | –                                | –                              |
| Mr J Shedd               | –                            | –                                       | –                      | –                                | –                              |
| Ms K Angel               | –                            | –                                       | –                      | –                                | –                              |
| <b>Total</b>             | –                            | –                                       | –                      | –                                | –                              |

<sup>1</sup>Mr Troy Wilson was appointed 4 October 2017

<sup>2</sup>Mr David Nolan resigned 24 August 2018

| 2018                      | Balance at beginning of year | Granted during the year as compensation | Vested during the year | Lapsed/cancelled during the year | Balance at the end of the year |
|---------------------------|------------------------------|---|------------------------|----------------------------------|--------------------------------|
| Mr G Robertson            | –                            | –                                       | –                      | –                                | –                              |
| Mr T Wilson <sup>1</sup>  | –                            | –                                       | –                      | –                                | –                              |
| Mr D Nolan <sup>2</sup>   | –                            | –                                       | –                      | –                                | –                              |
| Mr M Addison <sup>3</sup> | –                            | –                                       | –                      | –                                | –                              |
| Mr J Shedd                | –                            | –                                       | –                      | –                                | –                              |
| Ms K Angel                | –                            | –                                       | –                      | –                                | –                              |
| <b>Total</b>              | –                            | –                                       | –                      | –                                | –                              |

<sup>1</sup>Mr Troy Wilson was appointed 4 October 2017

<sup>2</sup>Mr David Nolan resigned 24 August 2018

<sup>3</sup>Mr Michael Addison resigned 28 September 2017

## I. LOANS TO DIRECTORS AND EXECUTIVES

No loans were made to any Directors or Executives during the financial year.

## J. PAYMENTS TO DIRECTORS

Due to the Director's belief in the Company's ability to reach profitability the Non-Executive Directors have elected not to be paid until there is an improvement in operating cash flow. At the end of the year A\$880k was owing to current and past Directors of the Company.

**End of Remuneration Report**