

JX Energy Ltd.
(吉星新能源有限責任公司)*
(incorporated under the laws of Alberta with limited liability)
(Stock Code: 3395)

Remuneration Committee's Terms of Reference

The board of directors (the “**Board**”) of Persta Resources Inc. (now known as JX Energy Ltd. (the “**Company**”)) has on 17 January 2017 established a committee of the Board known as the Remuneration Committee (the “**Remuneration Committee**”) of the Company, a summary of its constitution and particular duties are set out below:

A. FUNCTIONS

- 1 The Remuneration Committee is responsible for reviewing and recommending the Board regarding the remuneration and compensation package for the directors (the “**Directors**”) and senior management of the Company as well as the Company’s short and long-term incentive programs. Remuneration levels should be sufficient to attract, retain and motivate Directors and senior management to run the Company successfully without paying more than necessary. The Remuneration Committee should consult the Board Chair of the Company (the “**Board Chair**”) and/or the chief executive officer (the “**CEO**”) about their remuneration proposals for other executive Directors and senior management.

B. MEMBERSHIP AND TERM OF OFFICE

- 1 The Remuneration Committee shall be appointed by the Board. The Remuneration Committee shall be comprised of no less than three (3) Directors, the majority of whom will be independent non-executive Directors.
- 2 The Chair of the Remuneration Committee (the “**Chair**”) shall be an independent non-executive Director and appointed annually by the Board. The Remuneration Committee shall report to the Board.
- 3 The CFO of the Company or such other designate of the CEO, will act as the management liaison for the Remuneration Committee.
- 4 Members of the Remuneration Committee are appointed for a one (1) year term at the meeting of the Board where the Remuneration Committee is firstly established.
- 5 Where a vacancy occurs at any time in the membership of the Remuneration Committee, it may be filled by the Board on the recommendation of the Remuneration Committee, and will be filled by the Board if the membership of the Remuneration Committee falls below three (3) directors.

* For identification purpose only

C. MEETINGS AND PROCEDURE

- 1 The Remuneration Committee shall meet a minimum of one time per year. The Chair may call additional meetings as required. In addition, a meeting may be called by the Board Chair, the CEO or any member of the Remuneration Committee.
- 2 The Remuneration Committee meetings may be held in person, by video conference, by means of telephone or any other communication facility that permits all persons participating to hear each other.
- 3 Notice of the time and place of each meeting may be given orally, or in writing (including by electronic means) or by facsimile to each member of the Remuneration Committee at least 48 hours prior to the time fixed for such meeting. Any member may, in any manner, waive notice of the meeting. Attendance of a member of the Remuneration Committee at a meeting shall constitute waiver of notice of the meeting except where a member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- 4 A majority of members of the Remuneration Committee, present in person, by videoconference, telephone or other communication facility, shall constitute a quorum of whom at least one shall be independent non-executive Director.
- 5 All members of the Remuneration Committee are expected to allow themselves sufficient time to review meeting materials and be prepared for Remuneration Committee meetings. Remuneration Committee members are expected to make every effort to attend all Remuneration Committee meetings.
- 6 The Chair shall preside as chair at each Remuneration Committee meeting, lead Remuneration Committee discussion on meeting agenda items and report to the Board, on behalf of the Remuneration Committee, with respect to the proceedings of each Remuneration Committee meeting. In the event that the Chair is absent from any meeting, the members present shall designate any member present to act as chair for the meeting.
- 7 Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the matter shall be referred to the Board for consideration.
- 8 Where a member of the Remuneration Committee having (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Remuneration Committee; or (b) any potential conflict of interest arising from a cross-directorship, such member shall comply with the requirements under the By-laws of the Company in connection with disclosure of interest to the Remuneration Committee and voting on the resolutions.

D. DUTIES AND RESPONSIBILITIES

The Remuneration Committee shall:

- 1 Review and make recommendations to the Board regarding Director and senior management remuneration and compensation issues, in particular:
 - (a) On the Company's philosophy, policy and structure for all Directors' and senior management remuneration and compensation and establishment of a formal and transparent procedure for developing remuneration policy.
 - (b) Recommendations to the Board on the remuneration of non-executive Directors.
 - (c) Competitive positioning by considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions.
 - (d) Performance of the senior management on behalf of the Board.
 - (e) Payments and awards to senior management under the Company's salary and incentive plans.
 - (f) Director and senior management remuneration and compensation packages.
 - (g) Compensation payable to Directors and senior management for appointment, loss or termination of office including arrangement related to dismissal or removal of Directors for his misconduct to ensure consistent with contractual terms, applicable laws and rules (including the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")).
- 2 With respect to the management of the Company (the "**Management**") which is responsible for salary administration in the Company, as well as all performance analysis and review of staff, review the proposed annual remuneration and compensation recommendations of the Management, and make their recommendation to the Board. Specifically, the Remuneration Committee is responsible for:
 - (a) Reviewing and approving the Director and senior management's remuneration and compensation with reference to the Board's corporate goals and objectives, the Board-approved corporate goals and objectives relevant to executive compensation.
 - (b) Evaluating the senior officers' performance in respect of those goals and making recommendations to the Board based on this evaluation.
 - (c) Making recommendations to the Board, in conjunction with the Management, with respect to staff compensation packages, and incentive compensation.

- (d) Ensuring that no Director or any of his associates is involved in deciding his own remuneration.
- 3 Review and make recommendations to the Board on senior management's performance and any required development training.
 - 4 With respect to senior management remuneration and compensation including the CEO, periodically engage third party external consultants and identify a balanced and reasonable market comparator peer group against which it will review the relativity of compensation and the competitive positioning of the Company, and assist in determining if senior management's compensation is balanced, reasonable and market competitive.
 - 5 Consider and mitigate major risks identified in compensation programs.
 - 6 Review significant changes in organizational structure.
 - 7 Approve the terms of the executive Directors' service contracts and non-executive Directors' letters of appointment.
 - 8 With respect to any service contracts of Directors that require shareholders' approval under the Listing Rules, advise the Board as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its shareholders as a whole and advise the shareholders of the Company on how to vote.
 - 9 Ensure the Company discloses details of any remuneration payable to members of senior management by band in the annual reports of the Company.
 - 10 Review management compensation disclosure before the Company publicly discloses the information.
 - 11 Attend the Company's annual general meetings by the Chair (or in his absence, his duly appointed delegate) and be prepared to respond to any Shareholders' questions of the shareholders of the Company on the Remuneration Committee's activities.
 - 12 Review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.
 - 13 Do any such things to enable the Remuneration Committee to perform its functions conferred on it by the Board and in compliance with the requirements of the Listing Rules.

E. SHORT AND LONG TERM INCENTIVE PLANS

- 1 The Remuneration Committee will, from time to time, and in conjunction with the Management, establish parameters and guidelines for the short term and long term incentive (the “**STI and LTI**”) plans used by the Company.
- 2 The Remuneration Committee will, in consultation with the CEO, review and recommend to the Board for approval, the STI and LTI targets established for each job group.
- 3 The Remuneration Committee will, in consultation with the CEO, also review and recommend to the Board for approval, the annual corporate metrics/targets established by the Company’s executives at the beginning of each year and the corporate performance multiplier recommended by the Company’s executives at the end of each year, to be used in preparing the Company’s STI and LTI bonus calculations.

F. COMMITTEE AND TERMS OF REFERENCE REVIEW

- 1 The Remuneration Committee will conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with these Terms of Reference, in accordance with the process developed by the Board. The Remuneration Committee will conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.
- 2 The Remuneration Committee will also review and assess the adequacy of these Terms of Reference on an annual basis, taking into account all legislative and regulatory requirements applicable to the Remuneration Committee and will recommend changes to the Board thereon.

G. AUTHORITY

- 1 The Remuneration Committee shall be given access to senior management of the Company and all documents as required to fulfill its responsibilities and shall be provided with the resources necessary to carry out its responsibilities.
- 2 The Remuneration Committee is authorized by the Board when necessary to obtain and compensate outside legal or other independent professional advice in connection with its duties at the Company’s expense, including seeking advice from special personnel consulting groups so as to ensure that the Board remains informed of market trends and practices.

H. SECRETARY OF REMUNERATION COMMITTEE

- 1 The Chair shall designate any Director, officer or employee of the Company to act as the secretary of the Remuneration Committee (the “**Secretary**”).

- 2 The Secretary shall record and keep minutes of all duly constituted meetings of the Remuneration Committee. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views; and shall be available for inspection by any member of the Remuneration Committee and/or any Director at any reasonable time on reasonable notice.
- 3 The Secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Remuneration Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. Once they are agreed, the Secretary shall circulate the minutes and reports of the Remuneration Committee to all members of the Board.

I. REPORTING RESPONSIBILITIES

- 1 The Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.
- 2 The Remuneration Committee should make available these terms of reference by including them on the internet website operated by the Stock Exchange for the purposes of the Main Board and the Company's website.

J. INTERPRETATION

- 1 Interpretation of these terms of reference shall belong to the Board.

Notes: "senior management" refers to the same category of persons as referred to in the Company's annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.

The Terms of Reference are available in English and Chinese versions. If there is any inconsistency between the English and Chinese versions of the Terms of Reference, the English version shall prevail over the Chinese version.