

External auditor engagement

Appointment and removal

Annually the audit committee will review the re-appointment of the external auditor and or whether the company should seek alternative proposals for the external audit of the company.

Based on its review the committee will recommend to the Board the continued appointment or removal of the external auditor. In the event the Board agrees to the removal of the external auditor the committee will seek by way of tender, alternative proposals for the external audit of the company.

The committee will prepare the tender, review submissions from qualified firms and make a recommendation to the Board. This Statement sets out the functions reserved to the Board and those delegated to management.

Review

Annually and prior to the re-appointment of the external auditor the audit committee will review the external auditor's performance, its fees and satisfy themselves that an effective, comprehensive and complete audit can be conducted for that fee.

Annually review the independence of the external auditor.

A year prior to the rotation of the lead partner, agree a plan with the audit firm for an effective and cost efficient transition to a new lead partner.

Independence

To ensure the independence of the external auditor, the committee will ensure the external auditor complies with the Professional Standards F1 Professional Independence and specifically:

Non-audit services will be restricted to the following services unless otherwise agreed to by the Board:

- Assistance with due diligence activities in respect of acquisitions, mergers or major implementation of strategy
- Advice and guidance on the interpretation of accounting standards, income tax other taxation laws and general taxation advice.
- The provision of such services must not create a conflict of interest for the external auditor.
- The lead partner of the external audit firm will be rotated every 5 years and any partner rotated will not be eligible for resumption for at least 2 years.
- Prior to engagement of the external auditor for the provision of non-audit services the committee will assess the actual and perceived independence of the external auditor having regard to the type and quantum of the of the non-audit services.
- Annually, the committee will request the external auditor to report on its independence in accordance with the professional standards and the Corporations Act.
- Include in the audit engagement letter a requirement that the auditor adhere to the company's policies on audit independence