

CORPORATE GOVERNANCE – DIRECTOR SELECTION PROCEDURE

Purpose

The Company aims to ensure that defined procedures are in place for the selection and appointment of new Directors to the Company's Board.

Procedure

It is recognised by the Board that a formal and transparent procedure for the selection and appointment of new Directors to the Board helps promote understanding and confidence in that process.

1. Board composition

The Board's Charter requires that the Board comprise a majority of non-executive Directors with a broad range of expertise, skills and experience. Particular candidates may also be considered where they hold relevant experience in the various activities conducted by the Company.

2. Identification of potential Board candidates

The Board and each of the individual Directors are expected to be continually on the look-out for candidates whom they consider may be valuable members of the Board. At various times, the Board may also determine that there is a specific requirement for a Director with a particular skill set, and at this time external consultants may be engaged to identify potential candidates.

3. Selection

Once a potential candidate has been identified, that candidate will be expected to provide a copy of his/her resumé, detailing his/her skills and experience. The Board, generally as part of a Board meeting, will interview the candidate and also explain details of the Company, including its operations, policies and expectations. The Board as a whole shall consider the appointment and the appointment is subject to the Directors' voting arrangements, as set out in the Company's Constitution.

4. Appointment to the Board

Once the Board decides to appoint a new Director, that Director will be expected to sign the terms and conditions for appointment of non-executive Directors and the Director's 'Consent to Act' form. The Director will also be provided with access to the Company's Corporate Governance Statement and other relevant policies and procedures. Following this, an announcement containing various details about the Directors' skills and experience, and the reason for his/her appointment by the Board, will be made to the Australian Securities Exchange ('the ASX'). Appropriate details will also be provided to the ASX concerning the Directors' shareholdings in the Company.

5. *Informing shareholders*

Company shareholders shall be informed of the names of any candidates submitted for election as Directors. To enable shareholders to make an informed decision regarding the election, the following information shall be supplied to shareholders with respect to candidates.

- Biographical details (including competencies, qualifications and information sufficient to enable an assessment of the independence of candidates).
- A statement by the Board as to whether it supports the nomination of a proposed candidate.
- Details of relationships between candidates and the Company, candidates and Directors of the Company and any other relationships that might influence, or reasonably be perceived to influence in a material respect, candidates' capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders.
- Directorships held.
- Particulars of other positions that involve significant time commitments.
- Material adverse information revealed by checks the Company has performed on proposed candidates.
- Any other particulars required by law.

To enable shareholders to make an informed decision regarding the re-election of existing Directors, the following information shall be supplied to shareholders.

- A statement by the Board as to whether it supports the re-election of the existing Director and whether or not the Board considers the existing Director to be independent.
- The term of office currently served by any existing Director.
- Any other particulars required by law.

Responsibility

The Chairman is ultimately responsible for compliance with this procedure; however, it would be expected that all Directors comply with it.

Review

The Board will formally review this procedure every three (3) years.