

DIRECTORS INDEPENDENCE POLICY

Overview

Principle 2 of the 2007 ASX Corporate Governance Principles and Recommendations defines an independent director as a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

The Guide to reporting on Principle 2 recommends that Directors considered by the board to be independent should be identified as such in the corporate governance statement in the annual report. The board should state its reasons if it considers a director to be independent. The corporate governance statement should disclose the existence of any relationships which may affect a director's independent status. In this context, it is important for the board to consider materiality thresholds from the perspective of both the company and its directors, and to disclose these.

This document sets out an overview of the procedure adopted by QMASTOR Limited.

Procedure

1. Assessment The following factors are considered in the Board's monthly assessment of a director's independent status.

The director must be a non-executive director and

- Not be a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- Within the last three years, not have been employed in an executive capacity by the company or, been a director after ceasing to hold any such employment
- Within the last three years not have been a principal of a material professional adviser or a material consultant to the company, or an employee materially associated with the service provided
- Not be a material supplier or customer of the company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- Must have no material contractual relationship with the company
- Not have been on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company
- Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.
- Must have served on the board of the company for a period of less than 10 years
- The Board determines that the director is independent in character and judgment

2. Materiality	Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.
3. Disclosure of Relevant Circumstances	Each non-executive director will provide to the Board all information that may be relevant to the assessment of their independent status in a timely manner. Any change to a director's independent status will be disclosed and explained to the market in a timely manner. The circumstances relevant to assessment of a director's status as an independent director, and their status as an independent director will be disclosed in the corporate governance statement in the annual report.