

EXTERNAL AUDITOR – SELECTION & APPOINTMENT

Overview

Principle 4 of the 2007 ASX Corporate Governance Principles and Recommendations seeks to safeguard the integrity of financial reporting. A key aspect of this objective is to ensure the independence and competence of the Company’s external auditors. To support this, the Guide to reporting on Principle 4 recommends that information on procedures for the selection and appointment of the external auditor, and the rotation of external auditor engagement partners be made publicly available on the Company’s website.

The current external auditor is PriceWaterhouse Coopers who were appointed in 2003 in accordance with the Corporations Act 2001.

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

Procedure	
1. Assessment	<p>The following factors are assessed as part of the external auditor selection process.</p> <ul style="list-style-type: none"> • Professional standing, reputation, relevant experience and independence. • Adequate resources including relevant industry and technical expertise. • Ability to provide quality and efficient audit services.
2. Selection process	<p>The Audit Committee has the responsibility to recommend to the Board appropriate procedures for the selection, appointment and reappointment of the external auditor. The selection process may involve selecting firms to tender by invitation or holding an open tender.</p>
3. Appointment	<p>It is the responsibility of the Audit Committee to make recommendations to the Board on the appointment and removal of the external auditor, the scope of the external audit, engagement terms and the remuneration of the auditor. Appointment is subject to confirmation by the Shareholders at the Annual General Meeting.</p>
4. Review	<p>The Audit Committee will annually review the external auditor's performance and independence and periodically benchmarks the cost and scope of the external audit engagement.</p>
5. Engagement Partner Rotation	<p>In line with current professional standards the Company requires the signing audit partner and review partner of its external auditor to rotate every 5 years, and not be involved in the external audit again for at least two financial years. The external auditor must manage its audit team members to ensure sufficient rotation of staff.</p>