

## Materiality Guidelines

### 1. Introduction

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The following guidelines are provided to assist directors and employees/agents in identifying matters that may require disclosure. The purpose of these guidelines is to identify matters which can then be considered more fully, with a view to determining whether disclosure is required.

All of the matters which will require consideration under these guidelines will not necessarily require disclosure. Conversely, it is important to remember that a matter may be disclosable even if it does not come within any of the following categories.

Where a matter is potentially disclosable, the Company Secretary (and, in his absence, the Managing Director), should be informed as soon as possible.

### 2. Materiality Thresholds

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#### 2.1 Thresholds

The thresholds are:

- (a) qualitative; and
- (b) quantitative.

#### 2.2 Qualitative test

These matters (some of which are drawn from a note to Listing Rule 3.1) may include, but are not limited to, matters:

- (a) that might have a material effect on the future business activities of the Company;
- (b) that might have a material effect on income, cash flow or the ability to generate profits (including where there would be a long term effect even if the effect in any one year is not material);
- (c) involving any proposed change in regulation or law that could materially affect the Company's business;
- (d) involving a significant allegation of any breach of the law, whether civil or criminal, by the Company or any of its employees/agents;
- (e) involving a material change in the Company's financial forecasts or expectations;
- (f) involving a transaction for which the consideration payable or receivable is a significant proportion of the Company's consolidated assets (normally an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case);
- (g) involving a declaration of a dividend or a decision that a dividend will not be declared;
- (h) involving an agreement between the Company (or a related party or affiliate entity) and a director (or a related party of a director);
- (i) involving a change in executive personnel or structure;

- (j) that may have a materially adverse effect on the Company's reputation;
- (k) concerning material information regarding the beneficial ownership of the Company's securities obtained under the Corporations Act;
- (l) relating to the giving or receiving of a notice of intention to make a takeover;
- (m) involving a material change in accounting policy adopted by the Company;
- (n) involving a proposal to change the Company's auditor; and
- (o) that is in some other way onerous, unusual or so outside the ordinary course of business that it ought to be considered.

Disclosure of any of these matters would be required if a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

### **2.3 Quantitative test**

The following matters will need to be considered to determine if disclosure is required:

- (a) matters which potentially may affect the Company group's profit (loss) before tax in any one year by more than A\$1.5 million (being approximately 5% of the Company group's profit (loss) after tax);
- (b) matters which potentially may affect the assets or liabilities of the Company group by more than A\$25 million (being approximately 5% of total assets or total liabilities); and
- (c) matters involving any claim against the Company exceeding A\$2 million.

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