



**Sipa Resources Limited**

ABN 24 009 448 980

**POLICY**

**AUDITOR SELECTION AND INDEPENDENCE**

**Adopted by the Board 16 September 2004**

REGISTERED OFFICE  
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## **Auditor Selection, Appointment and Audit Independence**

### **1. Selection and Appointment of External Auditor**

Each year the Committee will consider whether the audit should be tendered. In making this decision, the Committee will consider (among other things) the performance of the auditor and the independence of the auditor. The Committee's recommendation as to whether the audit should be tendered, or whether the auditor should be reappointed, will be put to the Board for their approval.

If a tender is undertaken, all work on the tender will be undertaken by the Committee. Any subsequent recommendation for the appointment of an external auditor will be put to the Board and then if a change is approved it will be put forward to shareholders for their approval.

### **2. Auditor Independence**

- 2.1. Ensure that the external auditor meets the required standards for auditor independence.
- 2.2. In carrying out its responsibilities the Committee will be cognisant of the following.
  - It is mandatory that the audit engagement partner responsible for the audit be rotated at least every five years. At least two years must expire before the audit engagement partner can again be involved again in the audit of Sipa.
  - Consider whether, taken as a whole, the various relationships between Sipa and the external auditor impairs or appears to impair the auditor's judgment or independence in respect of the company.
  - Review the economic importance of the company (in terms of fees paid to the external auditor for the audit as well as fees paid to the external auditor for the provision of non-audit services) to the external auditor and assess whether the economic importance of Sipa to the external auditor impairs or appears to impair the external auditor in their judgment or independence in respect of the company.
- 2.3. Engage in active discussions with the external auditor in relation to disclosed relationships, and their potential impact on auditor independence.
- 2.4. Monitor the number of former employees of the external Auditor currently employed in senior positions in Sipa and assess whether this impairs or appears to impair the auditor's judgment or independence in respect of the company.
- 2.5. Confirming that the independence of the audit function is maintained by ensuring there are no unreasonable restrictions placed upon the external auditor or internal auditor and that internal audit reports to the Managing Director and has full and free access to the Committee to preserve objectivity.
- 2.6. Consider whether the provision of non-audit services is compatible with maintaining the auditor's independence.