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Procedures governing the Selection and Appointment of Directors

Navitas Limited
ACN 109 613 309

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Navitas Limited

ACN 109 613 309
(Company)

Procedures governing the Selection and Appointment of Directors

1. Introduction

1.1 This policy sets out the procedures the Company should follow for the election of persons to the position of Director of the Company. This policy also governs the conduct at any general meeting of the Company in respect of the election of Directors.

1.2 This policy was adopted by the Board of Directors of the Company on 14 March 2006.

1.3 The following definitions apply to this Policy:

- (1) **Act** means the *Corporations Act 2001* (Cth);
- (2) **Best Practice Recommendations** means the ASX Corporate Governance Council Corporate Governance Principles and Recommendations;
- (3) **Board** means the board of Directors of the Company;
- (4) **Board Charter** means the board charter adopted by the Company on 28 January 2005;
- (5) **Constitution** means the constitution of the Company dated 1 November 2004;
- (6) **Director** means a Director of the Company from time to time;
- (7) **Letter of Appointment** means the letter of appointment to Directors referred to in clause 12.3;
- (8) **Listing Rules** means the official listing rules of the ASX;
- (9) **Nomination and Remuneration Committee** means the nomination and remuneration committee of the Company referred to in clause 4; and
- (10) **Procedures** means these procedures governing the selection and appointment of Directors.

2. Objectives

2.1 The principal objectives of these procedures are to establish a process to:

- (1) Ensure that the potential appointee:
 - (a) Best matches the needs of the Board and the Company at the time when the appointment is made; and
 - (b) To the extent possible, best matches the needs of the Board for the future of the Company in accordance with its business plan and strategic direction.
- (2) Ensure that the Board composition is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interests of the Company as a whole; and

- (3) Ensure that the process for the appointment of a person to the position of Director of the Company complies with the requirements of the Act, Listing Rules and Best Practice Recommendations.

3. Number of Directors

- 3.1 Rule 3 of the Constitution provides that the Company must not have less than 3 or more than 9 Directors. The number of Directors may be increased or reduced within this range by the Company in general meeting by resolution. The Board Charter however clarifies that it is desirable to have a minimum of 6 Directors and a maximum of 8.
- 3.2 To enhance the performance of the Company, at each annual general meeting 1/3 of the Directors for the time being (or, if the number of Directors is not divisible by 3, the number nearest to but not exceeding 1/3) are required to retire from office in accordance with rule 5.1 of the Constitution.

4. Nomination and Remuneration Committee

- 4.1 A Nomination and Remuneration Committee has been established in accordance with the Board Charter.

5. Review

- 5.1 The Nomination and Remuneration Committee will regularly review:
 - (1) The composition of the Board taking into account the number of appointed Directors;
 - (2) The performance of the Board and individual Directors of the Company;
 - (3) The business and strategic objectives and needs of the Company;
 - (4) The skills, experience, knowledge and diversity required on the Board and the extent to which each competency is represented, maintained and developed by the Board;
 - (5) The opportunities to appoint non-executive Directors and obtain the services of particular persons with desirable skills, experience and knowledge at the time of their availability;
 - (6) The need to cater for the replacement or scheduled retirement of Directors ahead of each annual general meeting; and
 - (7) Succession planning for the Board.

To enable it to determine whether it is necessary to recruit any additional Directors to the Board or desirable to reduce the number of existing Directors.

- 5.2 The Nomination and Remuneration Committee must meet at least twice each year to review the matters set out in paragraph 5.1. The Nomination and Remuneration Committee must, after each meeting, report to the Board setting out the results of any review carried out in accordance with paragraph 5.1.

6. Recruitment

- 6.1 If the Nomination and Remuneration Committee determines that it is necessary to recruit an additional Director to the Board, or the Board so determines, the Nomination and Remuneration Committee:
 - (1) Will determine the particular skills, experience, expertise and personal qualities required to best complement the Board's effectiveness;

- (2) Will determine the most appropriate formal and transparent procedure to identify candidates with the skills and experience required by the Board; and
- (3) May engage the services of an independent consultant to perform an advisory role in relation to the review considerations outlined in paragraph 5 and in respect of the Director Competencies contained in paragraph 7.

7. Director Competencies

7.1 The skills and knowledge required by a Director will include an understanding of the:

- (1) Industry;
- (2) Market; and
- (3) Regulatory environment,

in which the Company operates.

7.2 The Nomination and Remuneration Committee will also consider the following:

- (1) The integrity and reputation of the candidate;
- (2) Current and former directorships or other relationships held by the candidate;
- (3) Whether the candidate has a proven track record of creating value for shareholders;
- (4) The qualifications of the candidate;
- (5) The extent to which the candidate is likely to enhance the competencies of the Board to enable the Board to discharge its mandate effectively;
- (6) The commitment by the candidate to comply with the highest standards of corporate governance, including the terms of the Company's Corporate Governance Policy, Board Charter and the Code of Conduct for Directors and Key Officers;
- (7) The candidate's ability to exercise an independent judgment and to bring an independent point of view to the Board's decision making process;
- (8) The candidate's ability to devote the necessary time to the important tasks that will be entrusted to the candidate; and
- (9) General suitability of the candidate and candidate's ability to work constructively with the existing Directors.

8. Selection Process

8.1 Following receipt of nominations for Directorship from candidates, the Nomination and Remuneration Committee may prepare a short list of candidates to determine the candidates in their opinion best fulfil the criteria set out in paragraph 7.

8.2 The Nomination and Remuneration Committee will:

- (1) Interview each of the short listed candidates; and
- (2) Require each candidate to disclose the nature and extent of their other appointments, commitments and activities.

8.3 The Nomination and Remuneration Committee will provide an update to the Board at all appropriate times during the selection process and provide the Board with an opportunity to meet with the preferred candidate(s).

8.4 During the interview process, the candidates must:

- (1) Demonstrate their understanding of what is expected of them;
- (2) Confirm that they will have the required time available to discharge their responsibilities as a Director;
- (3) Provide an undertaking with respect to their performance on the Board; and
- (4) Provide an undertaking with respect to their current and future appointments, commitments and activities.

8.5 The Nomination and Remuneration Committee will complete the questionnaire in Schedule 1 in respect of each short listed candidate.

8.6 The Nomination and Remuneration Committee shall make a formal recommendation to the Board concerning appropriate candidates to fill any 1 vacancy for consideration by the Board.

9. Nomination and Consent

9.1 Proposal of Candidate

- (1) Each candidate for election as a Director must:
 - (a) Be proposed by a person entered in the register of members as a member for the time being of the Company, or its nominated representative in the case of a corporate member; and
 - (b) Be seconded by another member or the nominated representative of another corporate member.

9.2 Form of Nomination

A nomination of a candidate for election by a member must:

- (1) Be in writing;
- (2) Be signed by the candidate; and
- (3) Be signed by the proposer and seconder.

9.3 Period for Lodging Nominations

A nomination of a candidate for election must be received at the registered office of the Company being Level 2, Kirin Centre, 15 Ogilvie Road, Mt Pleasant, WA, 6153 not later than 5pm on the day which is 35 business days prior to the annual general meeting at which the candidate seeks election.

9.4 Consent

- (1) Each candidate must also deliver to the Company a consent to act as Director of the Company. The Company must receive this no later than (if applicable) the date of appointment of the candidate as a Director.
- (2) The consent to act as a Director must include all details required by the Act and Listing Rules.

10. Notice of Meeting

10.1 To better facilitate communication with shareholders, the Board shall, to the greatest extent possible, frame resolutions for the election of Directors in accordance with the Guidelines for notices of meeting or www.asx.com.au.

10.2 The names of each of the candidates submitted for election as a Director will, in accordance with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, be accompanied by the following information to enable shareholders to make an informed decision on their election:

- (1) Biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
- (2) Details of relationships between the:
 - (a) Candidate and the Company; and
 - (b) The candidate and Directors of the Company;
- (3) Directorships held that are required to be disclosed by law and any other Directorships relevant to an assessment of independence;
- (4) Particulars of other positions which involve significant time commitments;
- (5) The term of office currently served by any Directors subject to re-election; and
- (6) Any other particulars required by law.

11. Election

- 11.1 In accordance with rule 7.1 of the Constitution, if the number of candidates for election as Directors is equal to or less than the number of vacancies on the Board, the chair of the annual general meeting must declare those candidates to be duly elected as Directors.
- 11.2 If the number of candidates for election as Directors is greater than the number of vacancies on the Board, a ballot must be held for the election of the candidates in accordance with rule 7 of the Constitution.

12. Appointment of Directors between AGM's

- 12.1 The Company in general meeting may by resolution appoint a person qualified to be a Director either to fill a casual vacancy or as an addition to the existing Directors.
- 12.2 The Directors may at any time appoint a person qualified to be a Director to fill a casual vacancy or as an addition to the existing Directors.
- 12.3 Any Director (other than a Managing Director) appointed pursuant to paragraph 12.1 or 12.2, shall remain in office only until the termination of the next annual general meeting of the Company unless otherwise re-elected at the meeting.

13. Letter of Appointment

- 13.1 The Nomination and Remuneration Committee must prepare the contents of the formal letter of appointment of:
 - (1) A candidate elected under paragraph 11; or
 - (2) Appointed pursuant to paragraph 12,for provision to the Company Secretary to provide to the candidate.
- 13.2 The Nomination and Remuneration Committee must ensure that a Letter of Appointment sets out the key terms and conditions of a candidate's appointment, and that it incorporates certain content, including:
 - (1) The term of the appointment;
 - (2) The time commitment required;
 - (3) The powers and duties of Directors;
 - (4) Any special duties or arrangements attaching to the position;
 - (5) Circumstances in which an office of Director becomes vacant;

- (6) Expectation regarding membership and involvement of various committees;
- (7) Remuneration and expenses;
- (8) Requirements in respect of disclosure of Director's interests and managing any potential conflicts of interest;
- (9) Either a summary, or a copy, of the Company's trading policy regarding dealings in securities by Directors, including any notification requirements;
- (10) Induction and continuing education training obligations and arrangements;
- (11) Access to professional independent advice;
- (12) Indemnity and insurance arrangements;
- (13) Confidentiality and rights of access to corporate information;
- (14) Continuing development requirements; and
- (15) Encloses a copy of the Company's Constitution.

14. Annual Report and Public Availability of Materials

- 14.1 The Nomination and Remuneration Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the corporate governance section of the Company's annual report which relates to the Company's nomination policies and procedures, information concerning the Directors and the performance evaluation of the Board.
- 14.2 The Nomination and Remuneration Committee must ensure that a copy of these Procedures is made publicly available on the Company's website in a clearly marked corporate governance section.

15. Procedure After Appointment

- 15.1 Immediately following the election of a Director, the Company Secretary must:
 - (1) Notify the ASX of a change in Directorship, the elected Director's relevant interests as at the appointment date of the Director and any other notices required by the Listing Rules or Best Practice Recommendations;
 - (2) Notify ASIC of the appointment of the Director and any other details required by ASIC; and
 - (3) Any other steps required following the appointment of the Director.

16. Deed of Access and Indemnity

- 16.1 The Nomination and Remuneration Committee must ensure that each Director executes a Deed of Accession to the Company's Deed of Access and Indemnity that:
 - (1) Grants the Director certain rights of access to Company information and rights to be insured;
 - (2) Provides the Director with certain indemnities; and
 - (3) Imposes an obligation on the Director to provide information required by the Company to meet its disclosure obligations under the Act and Listing Rules.

Approval Schedule

Approved	14 March 2006	Board

Distribution

- All members of the Board of Directors
- Directors Manual
- Navitas Website

Schedule 1: Nomination and Remuneration Committee Questionnaire

This questionnaire is to be completed prior to the nomination of a person for election as a Director of the Company.

Name of Nominated Director: _____ (**Nominated Director**)

1. A Majority of the Board should be Independent Directors

1.1 Will the Nominated Director be an independent Director in accordance with the Board Charter?

Yes/No

If no, please explain and justify such nomination:

1.2 After this appointment, will the Board still contain a majority of independent Directors in accordance with the Board Charter?

Yes/No

If no, please explain why you are departing from the Board Charter. Such explanation must be included in the Company’s annual report:

2. Commitment to the Board

2.1 Will the Nominated Director act in the best interests of the Company as a whole, rather than of individual shareholders or interest groups?

Yes/No

2.2 Will the Nominated Director commit sufficient time to the position of Director?

Yes/No

2.3 Will the Nominated Director be appointed for a specific term subject to re-election and to the ASX Listing Rules and Corporations Act provisions regarding the removal of a Director?

Yes/No

2.4 Has the Nominated Director specifically acknowledged to the Company that he/she has sufficient time to meet the commitments expected and required of him or her?

Yes/No

2.5 Has the Nominated Director provided the Nomination and Remuneration Committee with details of other commitments and an indication of the time they require and involve?

Yes/No

3. **Board Composition**

- 3.1 After the appointment of the Nominated Director, will the size of the Board and the skills, knowledge and experience on the Board, be conducive to effective decision-making?

Yes/No

- 3.2 After the appointment of the Nominated Director, will the composition of the Board and Board committees be structured so as to comply with the Act, Listing Rules and Best Practice Recommendations?

Yes/No