

E&A Limited
ACN 088 588 425
("Company")

Induction, Continuing Education and Evaluation of Directors Policy

This policy has been ratified by the Board of Directors of E&A Limited on 24 October 2007

Chairman

Next due for review October 2008.

Revision History

Version No

1

Date Approved by the Board
24 October 2007

1. PURPOSE

- 1.1 This Induction, Continuing Education and Evaluation of Directors Policy ("**Policy**") reflects the Company's emphasis on the importance of a Board of Directors ("**Board**") with knowledge regarding the business of the Company and the principles of good corporate governance.
- 1.2 The purpose of this Policy is to outline the information to be provided to new Directors of the Company, the Company's support for continuing education of all Directors of the Company and the Company's ongoing review and evaluation of the Board and each individual Director.

2. INDUCTION OF NEW DIRECTORS

The Company Secretary shall ensure that the following information is provided to all new Directors prior to the first Board Meeting.

2.1 Directors Duties

The following information regarding the Director's duties shall be provided:

- 2.1.1 the Board Charter which includes information about the powers delegated to the Chief Executive Officer and the powers reserved for the Board;
- 2.1.2 the Company's Share Trading Policy;
- 2.1.3 the Company's Independence of Directors Policy;
- 2.1.4 all other relevant policies of the Company which the Director should be familiar with;
- 2.1.5 Letter of Appointment to be completed by disclosing notifiable interests;
and

- 2.1.6 any information requested in relation to Director's role and responsibilities under the Company's various policies and the Corporations Act 2001 (Cth).

2.2 **The Company**

The following information regarding the Company and its business shall be provided:

- 2.2.1 current Business Plan and budgets with revised forecasts;
- 2.2.2 latest Annual Report for the Company and half year report if possible;
- 2.2.3 outline of the structure of the Company and its subsidiaries/associates;
- 2.2.4 details of Directors & Officers insurance and other insurance policies of the Company;
- 2.2.5 details of current or potential litigation affecting the Company;
- 2.2.6 financial information, including funding arrangements and dividend policy;
- 2.2.7 copies of the last audited accounts and Company accounts since the last audited accounts; and
- 2.2.8 any additional information considered appropriate to clearly inform the new Director about the Company and its business.

2.3 **Governance Issues**

The following information regarding the Board and governance issues shall be provided:

- 2.3.1 latest version of the Company's Constitution;
- 2.3.2 minutes of the last three (3) Board Meetings;
- 2.3.3 proposed dates for future Board Meetings and Committee Meetings; and
- 2.3.4 list of Board Committees and Committee Charters and if the Director will be a member of a Committee, minutes of the last 3 meetings of that Committee.

2.4 **Meetings & Presentations**

The Company Secretary shall arrange for introductions to be made to the new Director by key personnel in the Company and for presentations to be made regarding the key areas of the Company's business as appropriate.

3. **CONTINUING EDUCATION FOR DIRECTORS**

- 3.1 The Company supports the continuing professional development of its Directors to ensure that Directors remain on the cutting edge of knowledge in Director related matters and to identify and remedy any identifiable weaknesses in any Director or the Board as a whole.
- 3.2 The Board will undertake a review of development needs not less than annually and a development program for the following year will be devised and implemented addressing the issues raised in the review.

4. EVALUATION OF INDIVIDUAL DIRECTORS AND THE BOARD

- 4.1 The process of evaluating the performance of the Board shall be undertaken by the Board at the direction of the Chairman.
- 4.2 The evaluation of Board performance involves:
 - 4.2.1 agreement on review periods, no less than twelve (12) months;
 - 4.2.2 at the outset of each review period, discussion of objectives to be achieved and agreement on key performance indicators by which the Board will be assessed during that review period;
 - 4.2.3 at the end of a review period, assessment by the Board regarding the extent to which objectives and key performance indicators were achieved by the Board.
- 4.3 The evaluation of performance of individual Directors involves:
 - 4.3.1 agreement on review periods by the Board, no less than twelve (12) months;
 - 4.3.2 at the outset of each review period, the Board as a whole discussing key performance indicators by which individual Directors will be assessed during that review period; and
 - 4.3.3 interviews between individual Directors and the Chairman.