

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Castlemaine Goldfields Limited and the entity it controlled during the year ended 31 December 2008.

Directors

The following persons were directors of Castlemaine Goldfields Limited during the year or since the end of the year:

John (Ian) C. Goudie	Non-executive chairman
Gary F. P. Scanlan	Managing director & chief executive officer
Peter L. McCarthy	Non-executive director
Robert H. R. Adamson	Non-executive director, resigned 14 January 2009
Pieter W. Greeff	Non-executive director, resigned 22 April 2008

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activity

The principal activity of the group during the year ended 31 December 2008 was exploration for gold in central Victoria.

Dividends

No dividends have been declared or paid by the company in 2008 (2007 – nil).

Operating and financial review

The loss of the group for the year ended 31 December 2008 after income tax and minority interest amounted to \$815,956 (2007 - \$938,572). Information on the operations and financial position of the group and its business strategies and prospects is set out on pages 2–17 and 34–67 in the annual report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows:

- (a) Exploration and development expenditure for the year was \$4,730,764, an increase of 36% over the prior year.
- (b) In December 2008 equity capital of \$2.0m, net of costs, was raised through a one for two underwritten non-renounceable rights issue. A total of 219,041,814 shares are now on issue.
- (c) In August 2008 the group through its wholly owned subsidiary company, Ironbark Mining Pty Ltd, entered into an unincorporated joint venture with Reef Gold Mines Limited, a wholly owned subsidiary of Victorian Gold Limited to explore, develop and mine mineral occurrences over mining and exploration licences known as the Tarnagulla project. Reef Gold Mines Limited may earn an initial 20% interest by sole funding expenditure of \$2m by 12 November 2009, and a maximum 75% interest in the joint venture by spending a total of \$5.85m. Further details are provided in note 24 to the Financial Statements.
- (d) Following review of property valuations, the value of the freehold property owned by the Sebastian joint venture has been written down by directors, recording an impairment loss of \$121,007 in the Income Statement. The value of the freehold land at Chewton has been written up by \$12,000, resulting in an increase of \$8,400, net of income tax in the Asset Revaluation Reserve. A provision for doubtful debts of \$18,625 has been made against a loan of \$68,625 made by the company in August 2007 to its Sebastian joint venture partner, as part of the Sebastian freehold property purchase. Security for the loan is the joint venture partner's interest in the property.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 31 December 2008 that have significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

DIRECTORS' REPORT

Likely developments and expected results of operations

Exploration focus remains centred on the Castlemaine goldfield. The drilling program in the northern part of the goldfield targeting shallow mineralisation continued in the first quarter of 2009. Mapping, further sampling and an overall assessment of results will follow in the second quarter of the year.

Ongoing exploration and evaluation

As at 31 December 2008 the group had working capital of \$1.6m. Additional capital will be required to maintain exploration activity at its present level. Even without additional capital the directors believe that the group can continue to operate as a going concern for at least the next 12 months.

Environmental regulation

The group's operations are subject to significant environmental regulation under laws of the Commonwealth and State Governments. The directors are very conscious of the obligations imposed on the group and believe that all exploration activity conducted during the year was in compliance with environmental regulations.

Approved work plans exist for all exploration activity undertaken. The work plans are submitted to and approved by the Minerals and Petroleum Division of the Department of Primary Industries Victoria prior to the commencement of exploration activity. There is also ongoing communication with Parks Victoria and Heritage Victoria relating to exploration and the maintenance of heritage listed sites located at the old Wattle Gully Mine. Where exploration licences are subject to native title legislation, appropriate agreements have been obtained and ongoing liaison with the relevant authorities is maintained.

Information on directors

John (Ian) C. Goudie	Chairman (non-executive)
Qualifications	Bachelor of Science in Geology, Aberdeen University, Scotland, and Master of Science in Exploration & Mining Geology, Townsville University, Queensland
Experience and expertise	Ian has over thirty eight years of experience working in exploration, mining and senior executive roles, including the role as chief executive officer of New Guinea Mining Limited. During his varied professional career, he completed the Advanced Management Program at Harvard University, and is a past president of the Minerals Council of Australia - Victorian Division. Professional memberships include Fellow of the Australasian Institute of Mining and Metallurgy, and Fellow of the Australian Institute of Company Directors.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chairman of the board
Interests in shares and options	2,515,800 ordinary shares 1,400,000 unlisted options to purchase fully paid ordinary shares. Details are set out in the accompanying remuneration report.

DIRECTORS' REPORT

Gary F. P. Scanlan	Managing director & chief executive officer
Qualifications	Associate Chartered Accountant
Experience and expertise	Gary has a strong mining finance and accounting background having worked with Price Waterhouse & Co for ten years followed by over twenty years direct experience in the evaluation, development, financing and administration of mining projects in Australia and overseas. Other professional memberships include Fellow of the Australasian Institute of Mining and Metallurgy and member of the Minerals Council of Australia - Victorian Division.
Other current directorships	Non-executive director of Red 5 Limited, an Australian public company developing a gold project in the Philippines.
Former directorships in last 3 years	None
Special responsibilities	Chief executive officer
Interests in shares and options	2,613,612 ordinary shares 5,000,000 unlisted options to purchase fully paid ordinary shares. Details are set out in the accompanying remuneration report.
Peter L. McCarthy	Non-executive director
Qualifications	Bachelor of Science (Mining Engineering), (University of NSW), and Master of Geoscience (Macquarie University).
Experience and expertise	Peter has over thirty-nine years of experience in the mining industry. His wide ranging mining experience includes consultancy, management of mining contractors and the management of several feasibility studies for successful projects over the past two decades. Professional memberships include Fellow of the Australasian Institute of Mining and Metallurgy (CP), member of the Society of Mining Engineers and member of the Australian Institute of Company Directors. Peter was president of the Australasian Institute of Mining and Metallurgy for 2007 and 2008.
Other current directorships	Chairman (non-executive) Bendigo Mining Limited. Managing director of AMC Consultants Pty Ltd, a prominent mining consultancy group. Director of the Australasian Institute of Mining and Metallurgy.
Former directorships in last 3 years	None
Special responsibilities	Member of the audit committee and committee chairman until January 14, 2009
Interests in shares	2,500,000 ordinary shares
Company Secretary	John W. Jennings, the chief financial officer and company secretary is an Associate Chartered Accountant and an Associate Chartered Secretary. John has held senior finance and accounting roles with public and large private companies in a range of industries, including mining and base metals.

DIRECTORS' REPORT

Meetings of directors

The number of meetings of the company's board of directors and of the audit committee held during the year ended 31 December 2008, and the number of meetings attended by each director were:

	Full meetings of directors		Meetings of non-executive directors		Audit committee meetings	
	A	B	A	B	A	B
John C. Goudie	8	8	6	6	n/a	n/a
Gary F. P. Scanlan	8	8	n/a	n/a	n/a	n/a
Peter L. McCarthy	8	8	6	6	2	2
Robert H. R Adamson	8	8	6	6	1	1
Pieter W. Greeff	3	3	3	3	1	1

A = Number of meetings held during the time the director held office or was a member of the committee during the year.

B = Number of meetings attended.

The company retains the services of an independent Chartered Accountant to provide advice, as and when required, to the audit committee and the board.

Retirement, election and continuation in office of directors

Non-executive directors retire by rotation with one third of the non-executive directors retiring at each annual general meeting. Peter L. McCarthy is due to retire at the forthcoming annual general meeting and offers himself for re-election.

Remuneration report

The remuneration report is set out under the following main headings:

- (a) Principles used to determine the nature and amount of remuneration
- (b) Details of remuneration
- (c) Service agreements
- (d) Share-based compensation
- (e) Additional information

The information required under headings (a) to (e) includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures and the *Corporations Act 2001*. The disclosures required under Accounting Standard AASB 124 Related Party Disclosures have been transferred from the financial report and have been audited as required by section 308 (3C) of the *Corporations Act 2001*.

(a) Principles used to determine the nature and amount of remuneration

The objective of the group's executive reward framework is to ensure reward for performance is competitive, transparent and appropriate for the results delivered. The framework seeks to align executive reward with the achievement of strategic objectives and the creation of value for shareholders consistent with market best practice. External comparisons are made as part of this process. Remuneration currently includes salaries, superannuation contributions and the grant of options over the company's shares. No component of remuneration is at risk under current remuneration arrangements.

Remuneration policies are reviewed from time to time to ensure that the policies are competitive with those of similar companies

DIRECTORS' REPORT

Remuneration report (continued)

and are in keeping with the company's financial circumstances. The framework for remuneration will ensure that the group:

- focuses on sustained growth in shareholder wealth, as well as focusing its executives on key non-financial drivers of value,
- attracts and retains high calibre executives, and
- provides reward for outstanding executive performance.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit which is currently set by the Constitution of the company at \$250,000. The pool limit can be changed by shareholders in general meeting.

The fees and payments are reviewed annually by the board and are not linked to the performance of the group.

Fees and payments to individual non-executive directors reflect the responsibilities and demands of the respective roles, taking into consideration market comparisons for comparable companies and the company's financial circumstances at the time. The fees are inclusive of committee work and any other duties.

Non-executive directors' fees for the 2008 year were \$80,000 for the chairman and \$30,000 for each other non-executive director.

Following review of the company's financial circumstances and cost structure the board has determined that from January 2009 and until there is further change in the circumstances of the company annual fees are to be \$40,000 for the chairman and \$20,000 for the non-executive director.

Directors receive a superannuation guarantee contribution of 9% of the base fee, but do not receive any other retirement benefits.

Cash remuneration paid to directors is valued at the cost to the group and expensed over the service period. The value of unlisted options granted to directors is brought to account over the period from grant date to vesting date.

(b) Details of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Castlemaine Goldfields Limited and its group are set out in the following tables.

The key management personnel of Castlemaine Goldfields Limited and its group include the directors as per pages 19–20 and the following executive officers:

Wessley B. Edgar - Exploration manager

Oliver A. Halliwell - Administration manager, appointed 6 August 2008

John W. Jennings - Company secretary and chief financial officer.

DIRECTORS' REPORT
Remuneration report (continued)

2008	Short-term benefits	Post-employment benefits	Share-based payments	Total	Options % of total
	Cash salary and fees	Super-annuation	Options		
	\$	\$	\$	\$	%
Non-executive directors					
John C. Goudie (Chairman)	80,000	7,200	-	87,200	-
Robert H.R. Adamson	30,000	2,700	-	32,700	-
Pieter W. Greeff	9,462	851	-	10,313	-
Peter L. McCarthy	30,000	2,700	-	32,700	-
Sub-total non-executive directors	149,462	13,451	-	162,913	-
Managing director and chief executive officer					
Gary F. P. Scanlan	250,250	22,523	72,362	345,135	21.0
Other key management personnel					
Wessley B. Edgar	178,750	16,088	34,525	229,363	15.1
Oliver A. Halliwell	35,256	3,173	-	38,429	-
John W. Jennings	100,000	-	-	100,000	-
Total key management personnel compensation	713,718	55,235	106,887	875,840	12.2
2007					
2007	Short-term benefits	Post-employment benefits	Share-based payments	Total	Options % of total
	Cash salary and fees	Super-annuation	Options		
	\$	\$	\$	\$	%
Non-executive directors					
John C. Goudie (Chairman)	80,000	7,200	15,637	102,837	15.2
Robert H. R. Adamson	9,620	866	-	10,486	-
Pieter W. Greeff	30,000	2,700	-	32,700	-
Peter L. McCarthy	30,000	2,700	-	32,700	-
Sub-total non-executive directors	149,620	13,466	15,637	178,723	8.7
Managing director and chief executive officer					
Gary F. P. Scanlan	233,833	21,045	121,305	376,183	32.2
Other key management personnel					
Wessley B. Edgar	152,500	13,725	32,583	198,808	16.4
John W. Jennings	100,000	-	4,828	104,828	4.6
Total key management personnel compensation	635,953	48,236	174,353	858,542	20.3

The percentage value of the remuneration consisting of options is based on the value of options expensed during the year. No cash bonuses, non-monetary benefits or retirement benefits were paid.

DIRECTORS' REPORT
Remuneration report (continued)

(c) Service agreements

Formal service agreements are held with two directors. Key terms of the contracts include:

John C. Goudie, Non-executive chairman

Term – Not fixed.

Base salary - Effective 1 January 2009, \$40,000 per annum plus statutory superannuation. (Refer section (a) for further details).

Notice period – Two months by either party.

Gary F. P. Scanlan, Managing director & chief executive officer

Term – Not fixed.

Base salary - \$ 252,000 per annum plus statutory superannuation.

Notice period – company, twelve months for the two year period ended 3 January 2009, reverting back to three months thereafter. Executive, three months at any time.

There are no other formal service agreements with other key management personnel or directors.

(d) Share-based compensation

Unlisted options

Unlisted options can be granted under the Castlemaine Goldfields Limited Employees and Contractors Option Plan of 25 February 2005 and as amended on 3 March 2006 (the plan). The company's directors have the discretion to invite full-time employees and permanent part-time employees, directors, alternate directors, the company secretary and independent contractors of the company to participate in the plan. Under the plan options are granted free of consideration at strike prices and on terms and conditions specified by the directors, but carry no dividend or voting rights. When exercised each option is converted into one ordinary fully paid share. At any particular point of time the total aggregate number of options which may be on issue under the plan shall not exceed or be capable of exceeding 5% of the total number of shares on issue in the capital of the company calculated on the basis that all shares and other securities convertible into shares had been converted. In addition to options granted under the plan, subject to shareholder approval, the directors may grant other unlisted options.

The terms and conditions of each grant of unlisted options affecting remuneration in the previous, this or future reporting periods are set out in the tables in section (e). This includes the number of options granted during the year and the number of options that vested during the year.

Fair value of options

The assessed fair value at grant date of options granted to the individuals is allocated over the period from grant date to vesting date, and is included in the accompanying remuneration tables. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The Black-Scholes model inputs for unlisted options granted during the year ended 31 December 2008 included:

Option Tranche	Exercise price	Grant date	Expiry date	Share price at grant date	Expected price volatility	Expected dividend yield	Risk free interest rate
	cents			cents	%	%	%
500,000	30	22/04/08	22/04/11	10	80	-	5.92
500,000	40	22/04/08	22/04/12	10	80	-	5.93
1,000,000	50	22/04/08	22/04/13	10	80	-	5.78
350,000	20	22/04/08	31/12/12	10	80	-	6.15
350,000	23	22/04/08	31/12/12	10	80	-	6.15
350,000	26	22/04/08	31/12/12	10	80	-	6.15
350,000	30	22/04/08	31/12/12	10	80	-	6.15

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

DIRECTORS' REPORT

Remuneration report (continued)

(e) Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance.

Given the nature of its activities it is imperative that the company attracts experienced personnel and remunerates them well in the short term. In addition to cash remuneration and statutory entitlements directors believe that share-based payments in the form of options over ordinary shares are an appropriate form of reward for performance.

None of the options granted to directors and key management personnel are subject to performance hurdles.

Details of the options granted as remuneration.

The details of each grant of options as remuneration are set out on the following tables. The value of options at grant date has been calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

DIRECTORS' REPORT
Remuneration report (continued)

Options held by directors and key management personnel

	Grant	Date		Expiry	Exercise price per share cents	Value of option at grant date cents	Granted during year	Expired during year	Number of options		Vested during year	At 31 Dec 2008		Grant valuation yet to be expensed \$
		Vesting							Balance 1-Jan 2008	Balance 31-Dec 2008		Vested & exercisable	Non vested	
Directors														
Chairman														
John C. Goudie	1/7/05	1/7/07	1/7/10	25	4.5	-	1,400,000	-	-	1,400,000	-	1,400,000	-	-
Managing director & chief executive officer														
Gary F.P.Scanlan	28/11/05	28/11/06	28/11/10	20	8.0	-	500,000	-	-	500,000	-	500,000	-	-
	28/11/05	28/11/07	28/11/10	20	8.0	-	500,000	-	-	500,000	-	500,000	-	-
	28/11/05	28/11/08	28/11/10	20	8.0	-	500,000	-	-	500,000	500,000	500,000	-	-
	28/11/05	28/11/09	28/11/10	20	8.0	-	500,000	-	-	500,000	-	500,000	500,000	10,232
	8/5/07	8/5/07	19/3/09	21	6.4	-	500,000	-	-	500,000	-	500,000	-	-
	8/5/07	8/5/07	19/3/10	22	7.9	-	500,000	-	-	500,000	-	500,000	-	-
	22/4/08	22/4/09	22/4/11	30	2.9	500,000	-	-	-	500,000	-	500,000	500,000	4,477
	22/4/08	22/4/09	22/4/12	40	3.3	500,000	-	-	-	500,000	-	500,000	500,000	5,094
	22/4/08	22/4/09	22/4/13	50	3.7	1,000,000	-	-	-	1,000,000	-	1,000,000	1,000,000	11,423
	3,000,000	2,000,000	-	5,000,000	500,000	500,000	2,500,000	2,500,000	2,500,000	2,500,000	31,226			
Other key personnel														
Wesley B. Edgar	26/4/06	26/4/07	26/4/11	20	18.4	-	125,000	-	-	125,000	-	125,000	-	-
	26/4/06	26/4/08	26/4/11	20	18.4	-	125,000	-	-	125,000	125,000	125,000	-	-
	26/4/06	26/4/09	26/4/11	20	18.4	-	125,000	-	-	125,000	-	125,000	125,000	2,556
	26/4/06	26/4/10	26/4/11	20	18.4	-	125,000	-	-	125,000	-	125,000	125,000	7,667
	22/4/08	31/12/08	31/12/12	20	3.9	250,000	-	-	-	250,000	250,000	250,000	-	-
	22/4/08	31/12/09	31/12/12	23	3.5	250,000	-	-	-	250,000	-	250,000	250,000	5,170
	22/4/08	31/12/10	31/12/12	26	3.3	250,000	-	-	-	250,000	-	250,000	250,000	6,132
	22/4/08	31/12/11	31/12/12	30	3.9	250,000	-	-	-	250,000	-	250,000	250,000	7,926
	500,000	1,000,000	-	1,500,000	375,000	375,000	500,000	500,000	1,000,000	1,000,000	29,451			
John W. Jennings	22/12/06	22/12/07	21/12/11	20	9.9	-	50,000	-	-	50,000	-	50,000	-	-
	4,950,000	3,000,000	-	7,950,000	875,000	875,000	4,450,000	4,450,000	3,500,000	60,677				

(i) The fair value of options granted during the year was \$104,500 (Gary F.P. Scanlan \$68,000, Wesley B. Edgar \$36,500).

(ii) The minimum value of all options to vest is equivalent to the grant valuation yet to be expensed.

DIRECTORS' REPORT
Remuneration report (continued)

Options held by directors and key management personnel
2007

	Grant	Date Vesting	Expiry	Exercise price per share cents	Value of option at grant date cents	Balance 1-Jan 2007	Granted during year	Expired during year	Number of options			Grant valuation yet to be expensed \$
									Balance 31-Dec 2007	Vested during year	Vested & exercisable	
Directors												
Non-executive chairman												
John C. Goudie	1/7/05	1/7/07	1/7/10	25	4.5	1,400,000	-	-	1,400,000	1,400,000	-	-
	26/6/05	Listed	31/7/07	20	2.8	600,000	-	600,000	-	-	-	-
						2,000,000	-	600,000	1,400,000	1,400,000	-	-
Managing director & chief executive officer												
Gary F.P.Scanlan	28/11/05	28/11/06	28/11/10	20	8.0	500,000	-	-	500,000	-	500,000	-
	28/11/05	28/11/07	28/11/10	20	8.0	500,000	-	-	500,000	500,000	-	-
	28/11/05	28/11/08	28/11/10	20	8.0	500,000	-	-	500,000	-	500,000	14,194
	28/11/05	28/11/09	28/11/10	20	8.0	500,000	-	-	500,000	-	500,000	21,395
	8/5/07	8/5/07	19/3/09	21	6.4	-	500,000	-	500,000	500,000	-	-
	8/5/07	8/5/07	19/3/10	22	7.9	-	500,000	-	500,000	500,000	-	-
						2,000,000	1,000,000	-	3,000,000	1,500,000	2,000,000	1,000,000
Other key personnel												
Wessley B. Edgar	26/4/06	26/4/07	26/4/11	20	18.4	125,000	-	-	125,000	125,000	-	-
	26/4/06	26/4/08	26/4/11	20	18.4	125,000	-	-	125,000	-	125,000	3,833
	26/4/06	26/4/09	26/4/11	20	18.4	125,000	-	-	125,000	-	125,000	10,222
	26/4/06	26/4/10	26/4/11	20	18.4	125,000	-	-	125,000	-	125,000	13,417
						500,000	-	-	500,000	125,000	125,000	375,000
John W. Jennings	22/12/06	22/12/07	21/12/11	20	9.9	50,000	-	-	50,000	50,000	-	-
						4,550,000	1,000,000	600,000	4,950,000	3,075,000	3,575,000	1,375,000
												63,061

(i) The fair value of options granted to Gary F.P. Scanlan during the year was \$71,500.

(ii) The listed options held by John C. Goudie that expired on 31 July 2007 were in held escrow until 3 March 2007. The expired fair value of these options was \$16,800, the fair value at grant date.

(iii) The minimum value of all options yet to vest is equivalent to the grant valuation yet to be expensed.

DIRECTORS' REPORT

Loans to directors and executives

There were no loans made to directors and executives during the year.

Shares under option

Unissued ordinary shares of Castlemaine Goldfields Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares cents	Number of options
1/7/05	1/7/10	25	1,400,000
28/11/05	28/11/10	20	2,000,000
26/4/06	26/4/11	20	500,000
22/12/06	21/12/11	20	250,000
8/5/07	19/3/09	21	500,000
8/5/07	19/3/10	22	500,000
22/4/08	31/12/11	30	500,000
22/4/08	31/12/12	40	500,000
22/4/08	31/12/13	50	1,000,000
22/4/08	31/12/12	20	350,000
22/4/08	31/12/12	23	350,000
22/4/08	31/12/12	26	350,000
22/4/08	31/12/12	30	350,000
			8,550,000

(i) no options over shares have been granted since 31 December 2008,

(ii) no option holder has any right under the options to participate in any other share issue of the company or any other entity, and

(iii) to date none of the company's unlisted options over shares have been exercised.

Insurance of officers

During the financial year, Castlemaine Goldfields Limited paid a premium of \$16,484 to insure the directors and officers of the company and a financial consultant to the board.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

DIRECTORS' REPORT

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

The company may decide to employ an auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group is important.

In the current year no non-audit services were provided by the auditor.

Details of the amounts paid to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 20 of the financial report.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to be 'G. Scanlan', with a long horizontal line extending to the right.

Gary F.P. Scanlan,
Managing director

Melbourne
February 20, 2009