

OSTEOPORE LIMITED
(ACN 630 538 957)

Policy on Selection, Appointment and Rotation of External Auditors

1. Selection of external auditors

Should there be a vacancy for the position of external auditor, the Company, through the Board, will conduct a formal process, either general or selective, to select which audit firm will fill the vacancy.

Audit firms are evaluated in accordance with criteria, as appropriate from time to time, and are not assessed solely on the basis of who is cheapest, but on a number of issues such as:

- (a) skills and knowledge of the team proposed to do the work;
- (b) quality of work;
- (c) independence of the audit firm;
- (d) lead signing partner and independent review partner rotation and succession planning policy;
- (e) value for money;
- (f) ethical behaviour and fair dealing; and
- (g) auditor requirements under applicable laws and regulations..

2. Appointment of external auditors

The Board identifies and recommends an appropriate external audit partner for appointment by the Board and/or the Company in general meeting. The appointment is made in writing.

3. Rotation of external audit partners

The Company requires Key Audit Partners of its external auditors (including the Lead Audit Engagement Partner, the Independent Review Partner and any other Partners who make key decisions or judgements in relation to the audit of the consolidated Group, Parent Entity and material Subsidiaries) to rotate in accordance with current professional standards, including Section 324DA of the Corporations Act 2001.

The Lead Audit Engagement Partner and Independent Review Partner are required to rotate every five years. All other Key Audit Partners are required to rotate every seven years. This requires succession planning on the part of the external auditor, a process in which the Company is involved.