

- National – Ministry of Energy and Mines – Supreme Decree No. 015-2006-EM – Regulations for Environmental Protection in Hydrocarbon Activities (Peru);
- National – Ministry of Energy and Mines – Supreme Decree No. 043-2007-EM – Safety Rules for Hydrocarbon Activities (Peru);
- National – Ministry of Energy and Mines – Supreme Decree No. 032-2004-EM Rules of Hydrocarbon Exploration and Exploitation Activities (Peru); and
- National – Ministry of Energy and Mines – Supreme Decree No. 052-93-EM – Safety Rules for Hydrocarbon Storage (Peru).

The Board of Directors believes the Company has adequate systems in place for managing its environmental obligations and is not aware of any breach of those environmental obligations as they apply to the Company and/or Group. No circumstances arose during the financial year that required an incident to be reported by the Company and/or Group under environmental legislation.

Greenhouse Gas and Energy Data Reporting Requirements

A carbon tax, or similar regime, has not yet been introduced by the Australian Federal Government. However, greenhouse gas emissions, energy consumption and energy production reporting obligations under the *National Greenhouse and Energy Reporting Act 2007* ('NGER Act') apply.

The Group was not required to register and report greenhouse gas emissions, energy consumption and energy production under the NGER Act for this financial year as it did not meet any of the relevant thresholds from activities conducted within the specified Australian territory between 1 July 2010 and 30 June 2011.

Similarly, the Group's current exploration, as the Operator of AC/P8, is not expected to result in it meeting one of the thresholds under the NGER Act for the next reporting period and, therefore, it is not expected that it will be required to register and report under the NGER Act for the next reporting period.

However, the Company is in the process of assessing a cost effective, reliable and environmentally efficient method of dealing with its future greenhouse gas emissions, energy consumption and energy production reporting obligations.

Non-Audit Services

The Company may decide to engage its external auditor, PricewaterhouseCoopers, on assignments additional to its statutory audit duties where the external auditor's expertise and experience with the Company and/or Group are important.

Details of the amounts paid or payable to the external auditor for non-audit services provided during the financial year are set out in Note 7 of the financial statements.

The Board of Directors has considered the position and, in accordance with written advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for external auditors imposed by the *Corporations Act 2001*. The Board of Directors is satisfied that the provision of non-audit services by the external auditor did not compromise the external auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the external auditor; and
- none of the services undermine the general principles relating to external auditor independence as set out in *APES 110 'Code of Ethics for Professional Accountants'*, including reviewing or auditing the external auditor's own work, acting in a management or a decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and reward.

External Auditor's Independence Declaration

A copy of the external Auditor's Independence Declaration for the financial year, as required under Section 307C of the *Corporations Act 2001*, is set out on page 31.

No officer of the Company has previously belonged to an audit practice auditing the Company during the financial year.