



POLICY ON ASSESSING THE INDEPENDENCE OF DIRECTORS

EUREKA ENERGY LIMITED ("COMPANY")

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

It is the Board's policy that in determining a director's independence the Board considers the relationships which may affect independence as set out in Box 2.1 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* as follows:

When determining the independent status of a director the Board should consider whether the director:

1. is a substantial shareholder¹ of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
2. is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
3. has within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
4. is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
5. has a material contractual relationship with the Company or another group member other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed to the Board.

¹ For this purpose a "substantial holder" is a person with a substantial holding as defined in section 9 of the Corporations Act. [As at 08/07/08 equals 5%].