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External auditor selection and appointment

Recommendation 4.3 includes assessment in relation to external Auditor reporting being consistent with committee members' information and knowledge and adequate for shareholder needs.

Comments.

Grant Thornton was appointed prior to the IPO in April 2005 and the mandatory 5 year rotation of audit partner has recently taken place with Justin Humphrey replacing Simon Grey. Grant Thornton is an international firm with a number of resource companies audited from the Adelaide office.

The audit partner normally meets with the Board or audit committee prior to signing the annual and half-yearly reports. The audit review report presented at the time is a detailed document which lists assets, errors/restatements found during the audits and internal control recommendations and updates.

SEINC is currently audited by a smaller firm in Colorado which reports directly to Grant Thornton. Barry E. Koritza, a partner of Causey Demgen & Moore Inc., is the person in charge of the SEINC audit. Barry and the firm both have considerable oil and gas audit experience.

Grant Thornton prepares the annual taxation return in Australia in addition to the audit but conducts no other work or services. They are independent and perform a professional service and are considered very knowledgeable in relation to resource companies.

Grant Thornton has, in my opinion, always conducted a professional audit in a timely and cost effective manner. They are helpful in relation to the continuing accounting changes and they have my full support.

Craig Gooden
Company Secretary February 2010.