



Global Resource Management Group
Capability Profile

Joint Venture & Alliance Advisory and Audit Services

INTRODUCTION

Gaining the Global Edge

At Global Resource Management Group (GRMG), we work as partners with you to ensure our solutions make the most of your global resources.

The challenge with joint ventures and alliances is to find a single partner with the vision, experience and capabilities on par with your organisations requirements. GRMG is such a partner; our directors have unique experience in joint ventures and alliances, gained within the petroleum and resources sectors in Australia and overseas.

Our Vision

To be a leading and unique global provider of specialist services that will assist our clients to optimise their resources.

GRMG Is Uniquely Positioned To Be Your Global Partner

GRMG will work as your partner through the provision of the following:

- Joint Venture Advisory and Audit Services;
- Alliance Advisory and Audit Services;
- Risk Management Services;
- Corporate Governance Advisory Services;
- Human Resource & Personnel Management and
- Business Development Services.

Our Core Principles

We govern all that we do with the following core principles:

- Serve our clients;
- Value our people;
- Act with integrity;
- Conduct our business with honesty and transparency;
- Change as our clients needs change, and
- Enjoy what we do.

CORPORATE OVERVIEW

Global Resource Management Group is a leading edge Australian consultancy specialising in joint venture, alliance and assurance services to the petroleum and resource sectors. The firm is located in Perth, Western Australia, home to many of Australia's petroleum and resource companies, and gateway to South East Asia.

History

GRMG was established on the realisation that only a limited number of organisations could equal our experience and dedication to the petroleum and resource sectors, in the areas of joint venture and alliance services.

The directors of GRMG have provided advisory and consulting services to multinational organisations and Australian public and private sector clients for over 15 years. Based on the director's experience working in petroleum and resource sectors, both within Australia and overseas, the firm has developed into one of the leading service providers in our field.

Organisational Structure

GRMG operates with a flat organisational structure which means you will be dealing with at least one highly experienced and dedicated director of the firm at all times. Our team members have been selected based on their qualifications, industry experience and their commitment to our core principles.

Our Experience

The directors of GRMG have worked for, provided services on behalf of or audited the following organisations:

- Tap Oil
- Ampolex
- Mobil
- West Australian Petroleum
- AGIP Australia
- Origin (Boral Energy)
- Apache Energy
- Western Mining Petroleum
- BHP Petroleum
- Texaco Thailand
- Chevron PNG
- Petrofina Brussels
- Amoco
- Water Corporation
- Leighton Construction
- Kellogg Brown & Root
- Clough Engineering
- Transfield
- Burns & Roe Worley
- GHD
- Chevron USA
- Western Mining Corporation

OUR SERVICES

Joint Venture Audit and Advisory Services

“Joint Venture Audit represents a legitimate form of control enabling individual non-operating co-venturers to manage the risks which they perceive exist within an individual joint venture” (*APPEA Guidelines for Joint Venture Audit Standards – February 2000*).

We offer you the following services:

- Management of entire, or part of joint venture programs on your behalf;
- As lead auditor; plan, execute, report and close out joint venture audits;
- Provide Joint venture auditors as part of a team representing your interests;
- Provide strategic advice relating to the accounting and audit provisions of Joint venture Operating Agreements;
- Specialist Operator Overhead recovery reviews;
- Process efficiency reviews;
- Preparation and review of Policies and Procedures, and;
- Process workflow design and reviews;

Whilst guidelines exist, the protocol for initiating and conducting joint venture audits has not been formally established by the industry. However, GRMG have developed a methodology to ensure that the audits are conducted in an efficient, professional and cost effective manner.

Unlike many of our perceived competitors we know there is a significant difference between external compliance audits, internal audits and joint venture audits, a difference that only those with extensive experience in the industry could understand.

You can be assured that when you select GRMG as your partner, you are selecting an organisation with a comprehensive and unique understanding of the industry.

Alliance Audit and Advisory Services

One of the fastest growing trends for business today is the increasing number of strategic alliances. According to Booz-Allen & Hamilton, the number of alliances is growing by 20 percent a year.

An alliance is a commitment to a relationship between two or more organisations for the purpose of achieving specific business objectives by maximising the effectiveness of each party's resources. This is through a shared culture without regard to organisational boundaries, whereby the client and participants share the risks and rewards. Under alliances, the organisation is prepared to pay the participants extraordinary profit if extraordinary savings are realised. Companies participating in alliances report that as much as 18 percent of their revenues come from their alliances. That number is projected to climb to 35 percent by 2004.

The key to alliances is that relationships are based on trust, dedication, common goals and understanding of each other's individual expectations and values. Alliances are different from traditional "partnering" for long-term relationships, in that alliances are formed for limited scope and limited duration. They are used for short-term capital cost activities of design, construction and commissioning of facilities.

To achieve maximum success with alliances, it is fundamental that the various corporate objectives of the participants are understood and aligned. In addition, the self interest or goals of the professionals and individuals involved must be synchronised with the agreed alliance principles and goals.

From an accounting and financial perspective, GRMG can assist with the following:

- Preparation of the Form of Agreement;
- Outlining the alliance principles and objectives;
- Defining the role of the Alliance Board;
- Determine to who and how the alliance reports;
- Development of gainshare/painshare methodologies;
- Assistance in the selection and evaluation of alliance partners;
- Progressive audits during the life of the project against participants costs allocated to the cost pool of the project;
- Review of gainshare/painshare calculations for alliances;

- Provision of strategic advice relating to the accounting and audit provisions of alliances, and
- Process efficiency reviews.

Additional Advisory Services

Further information regarding GRMG's additional services is contained within the following capability profiles:

- Risk Management and Corporate Governance Services
- Assurance Consulting
- Personnel Logistics Management
- Business Development Services

OUR COMMITMENT TO YOU

When you choose Global Resource Management Group as your business partner, you engage a highly committed team that will ensure your objectives are met by:

- Closely working with you to achieve the most effective attainment of your goals and objectives;
- Delivering high quality services within agreed budgets and deadlines;
- Adopting a strategic, value-adding and impact-based consultancy methodology;
- Maximising technology and skills transfer;
- Providing easy and direct access to our directors;
- Providing a team with considerable experience in the Petroleum and Mining Sectors, both domestically within Australia and internationally;
- Listening to your feedback to enable us to continually improve the range and quality of our services;
- Promoting the highest standards of business ethics and confidentiality; and
- Delivering a well-managed, consultative and collaborative approach to ensure the objectives of the assignment are met.

Contact Us

To obtain further information of the services offered by GRMG please contact either Elliot Costello on 0402 111 158 (ecostello@grmg.com.au) or Andrew Moore on 0419 852 476 (amoore@grmg.com.au).

JOINT VENTURE & ALLIANCE AUDIT SUMMARY

To demonstrate our depth of experience, a selection of joint venture, alliance and related audits are presented below.

Australia - JV Audit (WA 234 P)

Non-operator Joint venture audit on the operator of the petroleum permit WA 234 P in the North West Shelf on behalf of the participants. This audit involved reviewing 3 years of expenditure for a multi-well program which focused on both financial and operational efficiency. The scope involved management of the entire audit which included planning, field work, reporting and close out.

Thailand/Philippines – Internal Review (GSEC 61, B10/32)

Performed an internal review of Thailand and Philippines drilling operations. The review considered all aspects of the drilling operations including: planning, tendering, contract management, liaison with the local office and operation & financial management. Included within the review was the Australian office, Thai office, Thai onshore base and drill rig situated in the Gulf of Thailand.

Australia - JV Audit (WA 224 P)

Lead Non-Operator Joint Venture Audit of Petroleum Permit WA 224 P. As the lead auditor performed the following: planning, field work, reporting, close out and resolution of audit findings.

Belgium – Permit Dispute

Participated in the audit team (with another non-operator) to undertake a special investigation and preparation for potential litigation. This involved follow up reviews with the Operator, preparation of positional papers to non-operator management, liaison with legal representatives, preparation of workpapers & files, travel to operators overseas office and Brussels to finalise issues prior to potential litigation.

USA – Overhead Recovery Review

Participated in an overhead recovery review which audited the composition of the charge out rates of a major US based international petroleum company for both their US based staff and expatriate field staff. The review also included the composition of additional on-charges emanating from the head office.

Australia – Alliance Review

Services provided to the Water Corporation for the Beenyup WWTP upgrade involving the undertaking of an audit of the proposed Alliance partners.

Australia – Alliance Review

Services provided to the Water Corporation Subiaco WWTP upgrade involved the undertaking of an audit of the proposed Alliance partners.

Papua New Guinea – JV Audit (PDL-2, PPL-101, PPL-161)

Participated in multiple audits of the Kutubu field in Papua New Guinea. Fieldwork was undertaken in both the Port Moresby office and in the highlands base facilities. This included field work and reporting (for all audits) and close out for one of the audits.

Australia – JV Audit (WA 155 P, TP/6, WA 12/L)

Lead Non-Operator Joint Venture Audit of Petroleum Permits WA 155 P, TP/6, WA 12/L. This involved managing, planning, field work, reporting and close out.

Australia – JV Audit (WA 207 P)

Lead Non-Operator Joint Venture Audit of Petroleum Permit WA 207 P. This involved management of the entire audit: planning, field work, reporting, close out and resolution of audit findings.

Papua New Guinea – Technical Representative (PDL2, PPL 101, PPL 161)

Participated as a technical representative for operational committee meetings in Port Moresby.

Australia – JV Audit (Salakta Permit)

Closed out the joint venture audit of the Salakta Permit Tunisia (based in Australia). This involved reviewing the audit report and tracking the resolution of audit findings.

Thailand – Regional Office Review/Internal Audit

Performed a complete regional office review. This involved all office functions: management, staffing, documentation of systems, liaison with head office and financial & operational management.

Australia – JV Audit (TL/2, WA 149P, TP/7, EP 365)

Lead Non-Operator Joint Venture Audit of Petroleum permits TL/2, WA 149 P, TP/7, EP 365. The scope of this audit included management of the entire audit: planning, field work, reporting, close out and resolution of audit findings.

Australia – JV Audit (TL1, 5, 6 & EP 307)

Lead Non-Operator Joint Venture Audit of Petroleum permits TL1, 5, 6 & EP 307. The scope of this audit included management of the entire audit: planning, field work, reporting, close out and resolution of audit findings.

Thailand – JV Audit (B11/32)

Participated in Non-Operator Joint Venture Audit of Petroleum Permit (B11/32) as part of the audit team. The scope of work included field work and reporting.

Australia – JV Audit (AC/P2, AC/L4)

Managed the audit from the position as lead Non-Operator Joint Venture Auditor. The audit was conducted in the following petroleum permits: AC/P2, AC/L4 and included management, planning, field work, reporting, close out and resolution of audit findings.

Australia – JV Audit (AC/L1, AC/L2, AC/L3)

Lead Non-Operator Joint Venture Audit of Petroleum permits AC/L1, AC/L2, AC/L3. The scope of this audit included management of the audit planning, field work, reporting, close out and resolution of audit findings.

Australia – Alliance Audit (East Spar)

Lead the alliance audit of the East Spar full field development. The scope of the review included the following: financial management of the alliance office, contractor charges, alliance participant charges and contract management.

Australia/Singapore – Alliance Review

Provided assistance within aspects of the alliance review for the Wandoo Full Field Development.

Australia – Joint Venture Operating Agreement Reviews

On an ongoing basis review the accounting and audit provisions of draft Joint Operating Agreements (JVOA) for various clients.

Australia – Policy and Procedure Reviews

On an ongoing basis review various policies and procedures for various clients.

Australia – Overhead Review

Participated in a dedicated overhead review of a large Australian public petroleum and resource company. The scope of the overhead review included all aspects of operator's overhead recovery

methodology to ensure its validity & accuracy and compliance with the Joint Venture Operating Agreement (JVOA).

Australia – Overhead Recovery Reviews

Performed a protective audit for operators to ensure the overhead recover methodology is in line with JVOA's.

PERSONAL PROFILE - ELLIOT COSTELLO

Position	Director
Qualifications	Bachelor of Business (BBus) - <i>University of Technology Sydney</i> Master of Business Administration (MBA) - <i>University of Western Australia</i>
Professional Memberships	PESA – Petroleum Exploration Society of Australia Associate - Australian Society of CPA's Member - Institute of Internal Auditors Member - Australasian Institute of Risk Management

EXPERIENCE

Elliot is a director of GRMG, and has over 15 years experience in joint venture, alliances, internal audits and consulting to public and private sector organisations in various countries.

In his capacity as a consultant, Elliot has provided the following services: internal audits, joint venture audits, overhead recovery reviews, alliance reviews, due diligence reviews, costing models reviews and development, marketing research, probity audits and occupational health & safety reviews.

In addition to the above consulting experience, Elliot has worked for the following organisations in the following roles:

Ampolex Ltd - Advisor, Internal Business Control

In the capacity of Advisor, Elliot had specific responsibility for managing Ampolex's non-operator joint venture audit program on a worldwide basis. In addition Elliot performed internal audits.

St George Bank Limited - Senior Manager Group Audit

Headed a 6 person Audit Team with Australia wide responsibility for Personal Banking (420 branches and back office operations in 4 states), Group Services (Marketing, HR, Group Project Office, Group Release Management, Group MIS) and Finance.

American Express - Regional Auditor

Employed as a regional auditor for the Japan, Pacific, Australia and Asian Region based in Hong Kong and Sydney.

Endeavour Credit Union - Head of Internal Audit

Appointed as the Head of Internal Audit, supported by three staff and with Australia wide responsibility for all aspects of the Credit Union. This included designing risk analysis model and presented result to the Senior Management and the Board, preparation of audit charter, introduction of a Control Self Assessment program

Coopers & Lybrand - Audit Senior

Whilst at Coopers & Lybrand Elliot managed small to medium size clients within the pharmaceutical, publishing and technology sectors.

PERSONAL PROFILE - ANDREW MOORE

Position	Director
Qualifications	Bachelor of Science (BSc) - <i>Curtin University of Technology</i> Master of Business Administration (MBA) - <i>University of Western Australia</i>
Professional Memberships	PESA – Petroleum Exploration Society of Australia Member - Australasian Institute of Risk Management

EXPERIENCE

Andrew is a director of GRMG and has over 10 years of commercial experience gained from a variety of roles in the resource, manufacturing and management consulting sectors.

As a consultant Andrew has provide the following services: internal audits, joint venture audits, alliance reviews, due diligence reviews, costing models reviews and development, marketing research and occupational health & safety reviews.

In addition to the above consulting experience, Andrew has worked for the following organisations in the following roles:

Newcrest Mining Limited - Exploration Geologist

In the role of Exploration Geologist, Andrew conducted and managed exploration programs which involved preparation of project plans, vendor selection, contract and financial management, implementation of project plans and reporting. In particular this involved all facets of project management in areas of limited access, communications and support.

The focus of these projects was within the Archaean Region of WA – predominantly the eastern Goldfields. In addition, experience was also gained in other gold hosting terrain's by way of site visits to Telfer Gold Mine (WA), Cracow (QLD), Mt Morgans (QLD), Cadia (NSW) and North Parkes (NSW).

New Celebration Gold Mine - Mine Geologist

As a Mine Geologist based at New Celebration Gold Mine south of Kalgoorlie, Andrew managed day to day Geological Operations in the open pits. This involved scientific analysis and reporting, supervision of Pit technicians and contractor liaison to maintain quality control of ore removal.

Western Australian Petroleum (WAPET) - Technical Assistant / Geologist

Whilst working for WAPET, Andrew undertook a research study on formation waters for WAPET and Australian Petroleum Production and Exploration Association (APPEA). In addition, he was responsible for the interpretation of down-hole logs and sections, data entry and data analysis, generation of petroleum maps and sections and the compilation of reports.

ADDITIONAL EXPERIENCE

To demonstrate the breadth of our experience, we have included a cross section of additional assignments undertaken by the Directors of GRMG.

Office of Energy (OOE) Risk Audit Implementation Program

A listing of possible risks based on the operations of the business was developed from the Strategic Audit Plan and previous audits. These risks were reviewed and modified by Managers and directors of OOE in a series of facilitated workshops. Risks were then entered into a database for OOE use. Staff were trained in the use of the database and an implementation and review program was instigated.

Office of Energy – Internal Audit Services

Prepared the 3 year Strategic Audit Plan for the Office of Energy, and oversaw assignments including: HR Performance Management, Payroll, IT Logical Security, Remote Regional Power Generation Procurement, Financial Reporting / Cash Management

Waters and Rivers Commission

Conducted a risk management review of the Commissions implementation of its new Human Resource Information System. This involved interviewing key stakeholders (internal, external, supplier), reviewing adherence to contract terms and conditions, conducting workshops, preparing and presenting final report which outlined all project risks, the level of potential exposure, actions plans, assigned responsibility and deadlines.

Department of Consumer and Employment Protection (DOCEP)

This project was based on the review of the DOCEP Rental Accommodation Fund Costing Model which involved the reimbursement of the costs and expenses incurred in relation to performing statutory duties under the Residential Tenancies Act. The existing costing model was reviewed and assessed as being inappropriate – as the model had an overhead component based on overheads from a differing branch (Real Estate Branch) with differing outputs, functions and therefore differing costs.

The overriding principle in constructing the new model, was to, where possible, base the calculation of the reimbursement of costs on actual activity and actual costs incurred as opposed to estimated activity and estimated costs. In determining the direct and indirect costs, the model used activity based costing (ABC) which provided a detailed and accurate method of determining the

actual attribution of costs in an indirect cost pool. Activities were examined (timesheets, interviews with managers or digital sources such as the output from the call centre) and then costs were allocated on the basis of the resource consumption of each activity.

Burswood International Resort Casino

The following reviews were undertaken on behalf of Burswood:

- Financial review of the operations of the medical centre;
- Occupational Health and Safety Management of Burswood Entertainment.

Keystart Loans Ltd

The following assignments for Keystart Loans Limited were undertaken:

- Acted as both lead auditor and reviewer for the quarterly audits of the Keystart retailer's. The scope of these audits was to ensure the retailers are approving loans in accordance with policy.
- Coordinated and reviewed the review of the Financial Institutions Duty calculation as determined by the Act for Keystart Loans Ltd.
- Participated in the team review the policies and procedures governing the management of the retailers under the Scheme Management Contract.
- Prepared a credit risk management policy.

Eastern Pilbara College of TAFE

Oversaw the Finance Manager role for the Eastern Pilbara College of TAFE.

Department of Training

Reviewed the departments risk management system and identified opportunities for improvement. In addition, in collaboration with DOT, a risk management maturity model was developed.

Department of Education

Participated in the consultancy conducting a probity audit into the Laptops for Teachers program. This program involved the selection of 16,000 laptops to be supplied to Western Australia Teachers.

Main Roads Department of Western Australia

Designed the specifications for the new Financial Management System for the Main Roads Department. This involved mapping existing process and systems, conducting workshops with key stakeholders throughout the metropolitan and regional centers, designing the specifications,

reviewing alternate systems, preparing and presenting a briefing paper to the Corporate Executive.

Department of Indigenous Affairs – Internal Audit Services

Prepared the Strategic Audit Plan for the Department of Indigenous Affairs, and oversaw or conducted the following assignments: Aboriginal Sites Register, Mining Rents and Royalties, Corporate Governance Review. Three of these are described below:

Revenue Raising

The audit was based on investigation of methods of raising revenue for DIA by the introduction of new fees and charges for services provided to clients. Particularly, three client services: Land Entry Transit Permits; Section 18/16 Heritage Act Applications; and Library requests for information from archives – native title. For each of these client services the objective was to determine the business process; cost of business process; clients and their characteristics; proposed fee structure; method of revenue collection and estimated revenue.

Sites Register Audit

This audit was on the Aboriginal Sites Register involving a review of the policies, and procedures for the recording, update and access to register information. The importance of the Sites register was considerable in that DIA is required to maintain a register of Aboriginal Sites by the Aboriginal Heritage Act (1972) and that many of the sites were restricted and confidential due to their cultural significance.

Land Register Audit

The Land Register Audit involved a review of the policies, and procedures for the recording, update and access to register information.

Marketing and Research For JMG Marketing

Market research for the clients of JMG Marketing such as the Health Insurance Fund of WA and the Australian Pensioners League. This entailed defining clients needs and objectives, complete development of market and client surveys, operating statistical software (SPSS), analysis of results, technical reporting and presentation of findings to the client.

In addition to the above research, additional research was conducted for clients by way of interactive focus groups and also literature reviews using contemporary literary sources. Market research has also been conducted for various organisations for inclusion in business plans and

IPO documents (un-named for confidentiality reasons).

Forest Products Commission

Monthly financial reports were prepared for the above client whilst their Financial Management Information System was being modified.

Marketforce

Conducted a number of due diligence reviews on behalf of Marketforce in relation to the potential acquisition of existing businesses.

Business Process Re-Engineering for a Financial Services Organisation.

This consultancy was based on a medium size firm which had undergone significant growth during the last 5 years. As sales increased and more staff were employed, old systems which had been developed for a small business were inadequate, creating inefficiencies and areas of contention. Management were interviewed and a needs analysis was conducted to establish key issues and problems to be addressed in the project. All staff were comprehensively interviewed to determine their tasks, functions and the systems they used daily. From this, the database was modified and as were most business processes which flowed in and out of the database.

With the implementation of new systems, procedures and a highly modified original database, a change management program was run throughout the consultancy, to increase understanding for the need for change in the organisation, and thus increase the acceptance of the change such that the implementation would be a smooth process.

Research Project: Commercialisation of Remotely Sensed Pasture Management Technologies within Western Australia.

This project involved examining the feasibility of making Regional Pasture Growth Rate technology available in a commercial format, such that organisations (private and government) would pay for the value associated with increased decision making abilities as a result of the availability of this technology. The project was completed for CSIRO and The University of Western Australia Graduate School of Management.

The feasibility process involved facilitation of workshops with industry stakeholders, literature reviews, interviews with potential clients (end users), and finally a focus group with one client (un-named for confidentiality) to determine their exact requirements such that a business model could be developed for a future working alliance.