



**SheffieldResources**  
LIMITED

## AUDIT & RISK COMMITTEE CHARTER

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## **PREAMBLE**

This charter of the Audit and Risk Committee sets out the Audit and Risk Committee's mandate and responsibilities in compliance with the ASX Listing Rules, *Corporations Act 2001* (Cth) and regulatory framework within which Sheffield Resources Limited and its subsidiaries ("**Sheffield**") operate.

Ultimate responsibility for the integrity of Sheffield's financial reporting rests with the full Board.

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## **DEFINITION AND OBJECTIVE OF THE AUDIT AND RISK COMMITTEE**

The Audit and Risk Committee is a sub-committee of Sheffield's board of directors ("Board"), whose primary function is to monitor the integrity of Sheffield's financial statements and any formal announcements relating to the Sheffield's financial performance, by reviewing significant financial reporting judgments contained in them.

The Audit and Risk Committee assists the Board in discharging its responsibility to exercise due care, diligence and skill in the areas of:

- application of accounting policy and reporting of financial information to shareholders, regulators and the general public;
- business risk management and internal control systems, including business policies and practices;
- corporate conduct and business ethics, including external auditor independence and ongoing compliance with laws and regulations; and
- such other matters as the Board may request from time to time.

Membership of the Audit and Risk Committee will be disclosed in Sheffield's annual report.

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## **MEMBERSHIP AND TERM**

The members of the Audit and Risk Committee shall be appointed by the Board from amongst the non-executive directors of Sheffield Resources and shall consist of not fewer than two members, with at least one member being an independent director as per the definition of independence contained within Sheffield's directors' test of independence policy.

Audit and Risk Committee members are required to be financially literate. For the purposes of this policy, financial literacy requires that the person has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Sheffield's financial statements.

The term of appointment as a member is for a period determined by the Board, with Audit and Risk Committee members generally being eligible for re-appointment. The

effect of ceasing to be a director is the automatic termination of appointment as a member of the Audit and Risk Committee.

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## **CHAIR**

The Chair of the Audit and Risk Committee is an independent director (other than the Chair of the Board) who is nominated, and subsequently selected, by the Board. In the event that the Chair of the Audit and Risk Committee is absent from a meeting and no acting Chair has been appointed, the members of the Audit and Risk Committee present at the meeting have authority to select one of the members present to preside as Chair of that particular meeting.

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## **MEETINGS**

### **Meetings Other than in Person**

The Audit and Risk Committee may conduct meetings without all Audit and Risk Committee members being physically present by using any appropriate technological means, provided that all Audit and Risk Committee members involved in the meeting are able to actively participate in discussion.

### **Frequency of Meetings**

As a minimum, the Audit and Risk Committee must meet a minimum of two times per calendar year.

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## **ATTENDANCE AT MEETINGS AND QUORUM**

Other directors have a right of attendance at meetings. However, no director is entitled to attend that part of a meeting at which an act or omission of that director or a contract, arrangement or undertaking involving or potentially involving that director or a related party of that director is being investigated or discussed.

Notwithstanding the above, if in the opinion of the Audit and Risk Committee their investigation or discussion will be assisted by hearing from the interested director, the Audit and Risk Committee may invite that director to address the Audit and Risk Committee however that director must not be invited to take part in the deliberations following that address. The Audit and Risk Committee must give fair consideration to the address of such director.

If appropriate, auditors, company executives and other external parties may be invited by the Audit and Risk Committee to attend any meeting of the Audit and Risk Committee.

The quorum for a meeting of the Audit and Risk Committee is two or more members or any greater number as is determined by the Audit and Risk Committee or the Board from time-to-time.

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## **SECRETARY**

Either the Company Secretary or another appropriate director must be appointed to act as secretary of the Audit and Risk Committee.

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## **SCOPE, ACCESS & AUTHORITY**

The activities of the Audit and Risk Committee are limited to reviewing the financials and operations of Sheffield Resources.

The Audit and Risk Committee has direct access to Sheffield's external auditors and has the authority to seek any information it requires to carry out its duties from any officer or employee of any entity of Sheffield Resources. Such officers or employees shall be instructed by the board of the entity employing them to fully cooperate in providing such information.

The Audit and Risk Committee also has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

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## **MINUTES**

Proceedings of all meetings of the Audit and Risk Committee are minuted by the secretary of the Audit and Risk Committee, and signed by the Chair of the Audit and Risk Committee.

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## **REPORTING**

The Chair of the Audit and Risk Committee must report to the Board at the earliest possible Board meeting after each Audit and Risk Committee meeting, at which minutes of all Audit and Risk Committee meetings are circulated to Sheffield's directors. The Chair's report should include, but not be limited to:

- the minutes of the Audit and Risk Committee and any formal resolutions;
- information about the audit process including the results of internal and external audits;
- any determination by the Audit and Risk Committee relating to the independence of the external auditor, including recommendations for the appointment or removal of an external auditor;
- any other matters that in the opinion of the Audit and Risk Committee should be brought to the attention of the Board, and any recommendations requiring Board approval or action; and
- at least annually, a review of the formal written charter and its continuing adequacy, and an evaluation of the extent to which the Audit and Risk Committee has met the requirements of this charter.

Sheffield's external auditors must report directly to the Audit and Risk Committee.

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## DUTIES

The duties and responsibilities of a member of the Audit and Risk Committee are in addition to those duties set out for a director of Sheffield Resources. The specific duties of the Audit and Risk Committee can be grouped as follows:

### *Financial Reporting*

The Audit and Risk Committee is expected to review all audited Sheffield Resources financial statements intended for publication prior to recommending their approval by the Board. In respect of unaudited quarterly reports or reports to regulators, the Chair of the Audit and Risk Committee will review these on the Audit and Risk Committee's behalf. The audit review process includes determining that management and the external auditors are satisfied with the contents of the financial statements and the adequacy of disclosure therein.

### *Risk Management & Internal Control*

The responsibility of the Audit and Risk Committee in the area of risk management and internal control is to monitor the risk management and internal control practices implemented by management and advise the Board on significant changes to those practices so as to obtain reasonable assurance that Sheffield's assets are safeguarded and that reliable financial records are maintained.

### *Audit Activities & Audit Independence*

The key responsibility of the Audit and Risk Committee in relation to the activities of external audit are to ensure that the audit approach covers all financial statement areas where there is a risk of material misstatement and that audit activities are carried out throughout Sheffield Resources in the most effective, efficient and comprehensive manner with due regard to the differing roles of external audit.

The Audit and Risk Committee has the responsibility to ensure that the external auditor meets the required standards for auditor independence.

It is the Board's responsibility to appoint the external auditor. Candidates for the position of external auditor must be able to demonstrate independence from Sheffield Resources and an ability to maintain independence through the engagement period. Further, the successful external auditor candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis. The Audit and Risk Committee reviews the performance of the external auditor annually, and may recommend to the Board any changes to the selection it deems appropriate.

Once appointed it is the responsibility of the Audit and Risk Committee to discuss with the external auditors the overall scope and plans for their audit activities, including staffing, contractual arrangements and fees. It reviews all audit reports provided by the external auditor. The Audit and Risk Committee also specifically reviews any proposed

activity or service by the providers of the external audit unrelated to external audit assurance activities.

#### *Corporate Governance & Other Matters*

The principle role of the Audit and Risk Committee in relation to corporate integrity is to provide assurance that Sheffield Resources adequately complies with applicable laws and regulations, is conducting its affairs ethically and is maintaining appropriate controls against employee conflict of interest and fraud.

From time-to-time, the Audit and Risk Committee may need to request, or, if approved by the Board, to direct, a special project or investigation into a serious issue or significant transaction that falls within the ambit of the Audit and Risk Committee's overall responsibilities.

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#### **AMENDMENT OF THIS CHARTER**

This charter has been adopted by the Board. Any amendment to this charter can only be approved by the Board.

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#### **REVIEW OF THIS CHARTER**

The Audit and Risk Committee will conduct a review of this charter and the effectiveness of Sheffield's standards of conduct with respect to the objects of this charter at least once annually, to ensure compliance with the law and determine the extent to which the ASX Corporate Governance Council's Principles and Recommendations have been met.

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#### **DISCLOSURE**

A copy of this charter should be made available on Sheffield's website and is to be made available to shareholders of Sheffield Resources upon request.