



SheffieldResources  
LIMITED

## **DIRECTORS' TEST OF INDEPENDENCE POLICY**

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## **PREAMBLE**

The ASX Corporate Governance Principles and Guidelines provide that entities listed on the ASX should have a majority of Directors are independent of the Group, and that all members of the various committees of the Board are similarly independent.

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## **INDEPENDENCE**

The Board of Sheffield Resources Limited (“Sheffield” or “the Company”) will assess whether directors are independent of management and independent in character and judgment and whether there are any business or other relationship that could materially affect or interfere with the exercise of objective, unfettered or independent judgement by the Director or the Director’s ability to act in the best interests of Sheffield. The Board retains ultimate discretion in their judgement to determine if a Director is independent.

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## **INFORMATION COLLECTED TO ASSESS INDEPENDENCE**

Generally, all facts and circumstances will be considered in determining the independence of a director under the above test. It is not always possible to cover explicitly all factors which could indicate a conflict of interest or lack of independence, but a director will normally be considered to be independent if he or she meets the criteria set out below. As stated above, the Board reserves its discretion to consider a director independent, even where the director does not meet one or more of the criteria specified below. In those circumstances, the Board will explain how it arrived at its conclusion.

Directors are under an obligation to promptly update the Board with any new information in relation to interests or relationships relevant to independence. The Board assesses the independence of directors annually and will re-assess determinations of independence when any new interests or relationships are disclosed by a director.

A Director is independent if he or she:-

1. has no direct or indirect material relationship with the Company;
2. for the purposes of (1) above, a “material relationship” is a relationship which could, in the view of the Company’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement. The following individuals are considered to have a material relationship with the Company:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the Company or a related party of the Company;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company or a related party of the Company;

- (c) an individual who is, or was within the last three years, a partner of the Company's internal or external auditors;
  - (d) an individual who is, or was within the last three years, an employee of the Company's internal or external auditors provided that employee had a direct and material engagement and association with the activities of the Company;
  - (e) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - i. is a partner of a firm that is the Company's internal or external auditor;
    - ii. is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice;
    - iii. was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
  - (f) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at the same time on the entity's compensation committee;
  - (g) an individual who receives, or whose immediate family member who is employed as an executive officer of the Company received, more than A\$50,000 in direct compensation from the Company during any 12 month period within the last three years;
  - (h) an individual who is a substantial shareholder, or an officer of a substantial shareholder, of the Company;
  - (i) an individual who is, or was within the last three years, a principal of a material professional adviser or material consultant to the company or a related group company; and
  - (j) an individual who is, or is an officer of or otherwise associated with, a material supplier or customer of the Company or a related group company.
3. despite subsection (2) above, an individual will not be considered to have a material relationship with the Company solely because the individual or his or her immediate family member:
- (a) has previously acted as an interim chief executive officer of the Company; or
  - (b) acts, or has previously acted, as a chair or vice-chair of the Board of Directors or of any Board Committee of the Company on a part-time basis.

Despite any determination made under sections above, an individual who:

- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as part time chair or vice chair of the board or any board committee; or
- (b) is an affiliated entity of the Company or any of its subsidiary entities;

is considered to have a material relationship with the Company.

The indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home or an entity in which such individual is a partner, member, an officer such as a CEO occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal investment banking or financial advisory services to the Company or any subsidiary entity of the Company.

For the purposes of this subsection, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on the continued service.

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## **DISCLOSURE**

The following information is to be disclosed in the Company's Annual Report:

- the identity of independent and non-independent Directors, with any relevant comments relating to independence;
- a small biography including other appointments, experience, any material relationships and associations and date of appointment to the Board for each Director; and
- any thresholds adopted by the Board to assist in the assessment and determination of independence.

If the Board's assessment of a Director's independence changes, that change will be disclosed immediately through a stock exchange announcement. The Notice of the Annual General Meeting is to specify whether Directors standing for election or re-election are independent.

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## **AMENDMENT OF THIS POLICY**

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

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## **REVIEW OF THIS POLICY**

The Company Secretary will periodically conduct a review of this policy and the effectiveness of Sheffield's standards of conduct with respect to the objects of this policy to ensure compliance with the law and determine the extent to which the ASX Corporate Governance Council's Principles and Recommendations ("ASX Principles") have been met. The Company Secretary will report to the Board with his or her recommendations for consideration by the Board.