



SheffieldResources
LIMITED

NOMINATION AND REMUNERATION COMMITTEE CHARTER

PREAMBLE

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on Sheffield Resources Limited remuneration, recruitment, retention, termination, superannuation and incentive policies and procedures for directors and senior executives of Sheffield Resources Limited and its subsidiaries ("**Sheffield**").

In addition, the Nomination and Remuneration Committee shall:

- oversee any proposed or active employee share option plan;
- develop a process for evaluation of the performance of the Board, its committees and directors;
- review the necessary and desirable competencies, skills, knowledge and experience of directors;
- review the Board succession plans; and
- make recommendations for the appointment, re-election and removal of directors to the Board.

MEMBERSHIP AND VOTING

The members of the Nomination and Remuneration Committee shall be appointed by the Board from amongst the non-executive directors of Sheffield 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. A quorum shall be two members.

The duties and responsibilities of a member of the Nomination and Remuneration Committee shall be in addition to those duties set out for Sheffield's directors.

The Chair of the Nomination and Remuneration Committee shall be an independent non-executive director, as per the definition of independence contained within Sheffield's directors' test of independence policy, who shall be appointed by the Board.

Matters arising for determination at Nomination and Remuneration Committee meetings shall be decided by a majority of votes of directors present and voting, and any such decision shall for all purposes be deemed a decision of the Nomination and Remuneration Committee.

In the case of equality votes, the Chair of the Meeting, in addition to his deliberative vote, has a casting vote.

SECRETARY AND MINUTES

The Company Secretary shall be the secretary of the Nomination and Remuneration Committee and the minutes of meetings of the Nomination and Remuneration Committee shall be made available to all members of the Board.

For the avoidance of doubt, if the Company Secretary is also an executive director of Sheffield, he or she shall not be entitled to vote or be counted in the quorum in respect of any resolution of the Nomination and Remuneration Committee.

ATTENDANCE AND FREQUENCY OF MEETINGS

The Chair will call a meeting of the Nomination and Remuneration Committee if so requested by any member of the Nomination and Remuneration Committee.

Meetings shall be held when required, but in any event shall be held not less than once per calendar year. The Chair of Sheffield may request a meeting if he reasonably considers that one is necessary.

Other directors have a right of attendance at meetings. However, no director is entitled to attend that part of a meeting at which the performance or remuneration of that director is being discussed.

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

Other executives may be invited to attend each meeting of the Nomination and Remuneration Committee.

AUTHORITY

The Nomination and Remuneration Committee is authorised by the Board to investigate any matter within its terms of reference and to make recommendations to the Board on any such matter. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any reasonable requests made by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is authorised by the Board to obtain, at Sheffield's expense, outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Nomination and Remuneration Committee will act in conjunction with the Chair of Sheffield.

The Nomination and Remuneration Committee will consult the Chair and/or Chief Executive Officer of Sheffield in connection with any proposals and those persons may be invited to attend relevant meetings (or parts thereof) of the Nomination and Remuneration Committee.

REMUNERATION DUTIES

The duties of the Nomination and Remuneration Committee in relation to remuneration matters include:-

- reviewing Sheffield's remuneration, recruitment, retention, incentive and termination policies and procedures for senior executives;
- considering the basic salary paid to key senior executives and any recommendations made by the Chair or Chief Executive Officer of Sheffield for changes to that basic salary;
- considering any bonuses to be paid to the executive directors and/or senior executives in conjunction with formulating suitable performance related criteria and their operation;
- considering the remuneration framework for directors and determining all performance-related formulae relevant to the remuneration of the directors of Sheffield and considering the eligibility of directors for annual bonuses under long term incentive schemes;
- administering all aspects of any share option scheme operated by or to be established by Sheffield (subject always to the rules of that scheme and any applicable legal and stock exchange requirements);
- having regard in the performance of the duties set out in this charter to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share option schemes which the Nomination and Remuneration Committee considers appropriate;
- considering and making recommendations to the directors of Sheffield concerning disclosure of detail of remuneration packages and structures in addition to those required by law or by the Australian Securities Exchange ("ASX");
- determining and reviewing superannuation arrangements of Sheffield;
- reviewing succession plans for executive directors and senior executives.

Notwithstanding the above, pursuant to the ASX Listing Rules, shareholders' approval must be sought to:

- increase the amount Sheffield may pay its non-executive directors collectively;
- approve employee option plans (long term incentive schemes); and
- issue employee options to directors of Sheffield.

NOMINATION DUTIES

The duties of the Nomination and Remuneration Committee in relation to nomination matters include:

- determining the appropriate size and composition of the Board;
- setting a formal and transparent procedure for selecting new directors for appointment and re-election to the Board, in the form of a selection, appointment and re-appointment of directors policy;
- developing criteria from time to time for selection of candidates for the Board in context of the Board's existing composition and structure;

- making recommendations to the Board on the appointment and removal of directors;
- identifying, assessing, and enhancing director competencies;
- developing a succession plan for the Board and regularly reviewing the plan;
- developing a process for evaluation of the performance of the Board, the various sub-committees and individual directors;
- reviewing the time required from a non-executive director and whether directors of the Board are meeting this requirement; and ensuring that there is an appropriate induction programme in place for new directors and members of senior management and reviewing its effectiveness.

For the appointment of a Chair, the Nomination and Remuneration Committee will prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises.

The Nomination and Remuneration Committee will review the Chair's other significant commitments before his/her appointment.

EXCLUSIONS

The terms of reference of the Nomination and Remuneration Committee do not encompass decisions to employ or dismiss executives.

A member of the Nomination and Remuneration Committee is not entitled to be present when his or her own salary or fee is discussed at a meeting or when his/her performance is being evaluated.

REPORTING PROCEDURES

The secretary of the Nomination and Remuneration Committee shall circulate the minutes of the meetings of the Nomination and Remuneration Committee to all members of the Board.

The Nomination and Remuneration Committee will ensure that the Board is provided with sufficient information to ensure informed decision-making.

AMENDMENT OF THIS CHARTER

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

REVIEW OF THIS CHARTER

The Board 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, determine the extent to which the ASX Corporate Governance Council's Principles and Recommendations have been met and to ensure that it remains consistent with the Board's objectives and responsibilities. The Company Secretary will report to the Board with his or her recommendations for consideration by the Board.

DISCLOSURE

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