

Corporate Info

Policies

Director Independence Policy

Our approach on director independence is designed to take into account recommendations established by the Australian Securities Exchange Corporate Governance Council.

It is the responsibility of the Board of Alliance Resources Limited to determine the independence of Directors in accordance with the following policy. In reaching their decision regarding individual director independence, the Board reserves the right to consider a Director to be independent even though they may not meet one or more of the specific thresholds or tests specified below, having regard to the underlying policy of the independence requirement and the qualitative nature of that Director's circumstances.

1. Purpose of this Policy

The purpose of this policy is to specify:

- 1.1 the nature of the independence requirement and the materiality thresholds and other tests that will generally be applied in determining the independence of each Director;
- 1.2 the information required to make a determination, and
- 1.3 the disclosure guidelines.

2. Definition of director independence

In determining the independence of Directors, the following definition is adopted:

"An independent director is independent of management and has no material business or other relationship with the Alliance Resources Limited that could materially impede the objectivity of, or the exercise or independent judgment by, the Director or materially influence their ability to act in the best interests of the Company."

The determination of whether a director has no material relationship or business is based on the nature, circumstances and activities of the Director having regard to the following guidelines. Materiality is considered from the viewpoint of the director and persons or organizations affiliated with the director and also in context of the Company.

3. Independence and materiality thresholds

An independent Director is not a member of Alliance Resources Limited's management;

- 3.1 is not a substantial shareholder, or an officer or director of or otherwise associated, directly or indirectly, with, a substantial shareholder of Alliance Resources Limited. ("Substantial shareholder" means, in broad terms, the holder or controller of 5% or more of the shares entitled to vote in Alliance Resources Limited.);
- 3.2 has not (and does not have any family member who has), within the previous 3 years, or such shorter period:
 - (a) been employed by a member of the Alliance Resources Limited Group in an executive capacity or been a director after ceasing any such employment; or
 - (b) received more than \$250,000 annually in direct compensation from the Alliance Resources Limited Group (other than director and committee fees);

- 3.3 is not currently employed, and does not have any family member currently employed, as an executive officer by another company that makes payments to or receives payments from the Alliance Resources Limited Group for property or services in an amount that exceeds, in any single fiscal year, the greater of \$250,000 or 2% of the other company's consolidated gross revenues or net assets;
- 3.4 has not been a director of Alliance Resources Limited for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- 3.5 has no material contractual relationship with the Alliance Resources Limited Group, other than as a Director of Alliance Resources Limited. The definition of material is where the value of the contract is the greater of \$250,000 or 2% of the other company's consolidated gross revenues;
- 3.6 does not participate in any securities based incentive scheme or performance related pay scheme, excluding the payment of part of the Director's remuneration in the form of Company securities;
- 3.7 is not a principal of or employed by a present or former material professional adviser or consultant of the company within the previous 3 years. This test does not preclude an assessment of independence for a Director where they or any family member is an employee (excluding a principal) of a material adviser or consultant, unless that employee has been materially associated with the service provided by the consultant or adviser. The definition of material is the greater of \$250,000 or 2% of the professional adviser's or consultant's gross revenues;
- 3.8 has not, and does not have any family member who has, within the previous 3 years, been affiliated or employed in a professional capacity by, a present or former internal or external auditor of the company;
- 3.9 has not, and does not have any family member who has, within the previous 3 years, been employed as an officer or director of another company in which a current officer or director of the Alliance Resources Limited Group serves on the remuneration committee of the board;
- 3.10 is not a recipient, either directly or indirectly of a personal loan. Excluded from this test are travel advances and provision of company sponsored credit cards. The use of company credit cards is restricted to business purposes and ancillary personal use.

4. Procedure

The independence of each Director will be:

- 4.1 considered prior to appointment in accordance with the Company's policy and procedures for the selection and appointment of new Directors to the Board;
- 4.2 re-assessed at least annually; and
- 4.3 re-assessed on such other occasions and at such other times determined by the Board having regard to disclosures made the Director of any new interests or relationships. (Directors are required to disclose to the Chairman whether their independence may have been affected by certain business activities on their part)

5. Disclosure

The Board will make the following disclosure to shareholders: Independent and non independent Directors will be identified in the Annual Report and the basis of the assessment of independence is based will be stated.

- 5.1 Material relationships, associations and other business of each Director will be described and the period of office held by each Director will be stated. This will include details of any material relationships or circumstances which the Board believes do not affect independence but which were considered by the Board in assessing independence.

This Director Independence Policy was adopted by the Board on 6 September 2010.

Last reviewed by the Board on 6 September 2010