

Audit and Risk Committee Charter

1. Membership of the Committee

The Committee must consist of:

- only non-executive Directors;
- a majority of independent Directors;
- an independent Chair, who is not Chair of the Board; and
- a minimum of 3 members.

The Board may appoint such additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management and the external auditor, may attend meetings of the Committee at the invitation of the Committee chair.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management, at least one member should have relevant qualifications and experience (ie be a qualified accountant or other finance professional with experience of financial and accounting matters) and some members should have an understanding of the industry in which the entity operates.

The Company Secretary will attend all Committee meetings as minute secretary.

2. Roles and responsibilities

2.1 Overview

The Committee's key responsibilities and functions are to:

- oversee the Company's relationship with the external auditor and the external audit function generally;
- oversee the preparation of the financial statements and reports;
- oversee the Company's financial controls and systems;
- oversee the process of identification and management of risk; and
- oversee the internal audit function generally.

2.2 Audit

The Committee's primary roles are:

- to assist the Board in relation to the reporting of financial information;
- the appropriate application and amendment of accounting policies;
- the appointment, independence and remuneration of the external auditor; and

- to provide a link between the external auditors, the Board and management of the Company.

The following are intended to form part of the normal procedures for the Committee's audit responsibility:

- engage in the pro-active oversight of the Company's financial reporting and disclosure processes and review the outputs of that process (including review of the Company's financial statements for accuracy and to ensure that they reflect a true and fair view, as a basis for recommendation to and adoption by the Board);
- assist the Board in determining the reliability and integrity of accounting policies, financial reporting and disclosure practices;
- review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial reports and the results of external audit of those reports (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs);
- review the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess the management processes supporting external reporting;
- review the appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements;
- establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by personnel regarding accounting and auditing matters;
- review management processes supporting external reporting and any complaints or concerns raised internally regarding financial or accounting processes and practices;
- ensure that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems or internal controls which relate to financial risk management;
- review the objectivity of the internal audit function and monitor the independence of the internal audit programs from the external auditors and management;
- review the objectives of the internal audit function and ensure an appropriate program of internal audit activity is conducted each financial year;
- review and monitor the progress of an internal audit and work program;
- evaluate the Company's responsiveness to internal audit findings and recommendations;
- oversee the Company's external audit policy (a copy of which is attached as Attachment 1) and ensure compliance with this policy;
- review the performance, independence and objectivity of the external auditors;
- review the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners;
- assume responsibility for the appointment (including the termination of any engagement), compensation, the terms of engagement and other contractual terms of the external auditors;

- approve the scope of the audit for Board approval;
- review the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary;
- oversee the Company's policy on non-audit services provided by the independent external auditor (a copy of which is attached as Attachment 2) and ensure compliance with this policy; and
- provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make the statements required by the Corporations Act 2001 (Cth) to be included in the Company's annual report.

2.3 Risk

The Committee's specific function with respect to risk management is to review and report to the Board that:

- the Company's ongoing risk management program effectively identifies all areas of potential risk;
- adequate mitigation activities are designed and implemented to manage identified risks; and
- there are regular reviews on the progress of the implementation of the designed risk mitigation activities.

The following are intended to form part of the normal procedures for the Committee's risk responsibilities:

- evaluate the adequacy and effectiveness of the management reporting and control systems used to manage risk;
- evaluate the adequacy and effectiveness of the Group's risk management and control systems including reviewing risk registers and reports from management and external auditors;
- evaluate the structure and adequacy of the Group's own insurances;
- review and make recommendations on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies;
- oversee the establishment and maintenance of processes to ensure that there is:
 - an adequate system of internal control, management of business risks and safeguard of assets; and
 - a review of internal control systems and the operational effectiveness of policies and procedures related to risk and control;
- evaluate the Group's exposure to fraud and overseeing investigations or allegations of fraud or malfeasance;
- review the Group's main corporate governance practices (including policies and procedures) that relate to the responsibilities of the Audit and Risk Committee for completeness and accuracy;

- review the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety and the environment); and
- review the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements).

3. Administrative Matters

3.1 Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil its role. However, it is intended that the Committee will normally meet quarterly.

3.2 Quorum

The quorum is at least 2 members.

3.3 Convening and notice of meeting

Any member may, and the Company Secretary must, upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee of every meeting of the Committee at the member's advised address for service of notice (or such other pre-notified interim address where relevant), but there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

3.4 Chair

In the absence of the Committee Chair, the Committee members must elect one of their members as Chair for the meeting. The Chair does not have a casting vote.

3.5 Access to resources and independent advisers

The Committee has rights of access to management, and also to the internal audit function (if applicable) and external auditors without management present, and rights to seek explanations and additional information from both management and auditors. Whilst the internal audit function (if applicable) reports to senior management, it is acknowledged that the internal audit function also reports directly to the Committee.

The Committee may seek the advice of the Company's auditors, solicitors or other independent advisers (including external consultants and specialists) as to any matter pertaining to the powers or duties of the Committee, as the Committee may require.

The Chief Executive Officer and Chief Financial Officer will provide the Audit and Risk Committee (on behalf of the Board) a declaration that to the best of their knowledge, the half yearly and yearly

financial statements are true and fair and in accordance with the legislation and regulation. A copy of this declaration is attached as Attachment 3.

3.6 Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee Chair, be presented at the next Board meeting. All minutes of the Committee must be entered into a minute book maintained for that purpose and will be open at all times for inspection by any Director.

3.7 Reporting

The Committee Chair will provide a brief oral report at the next Board meeting as to any material matters arising out of the Committee meeting. All Directors will be permitted, within the Board meeting, to request information of the Committee Chair or members of the Committee.

The Committee Chair will advise the Board that management has reported to it as to the effectiveness of the Company's management of its material business risks at least annually.

The Committee Chair will advise the Board whether the Company has material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

4. Review

The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

Attachment 1 – External audit policy

1.1 Role of the Committee

The Audit and Risk Committee (Committee) has the responsibility and authority (subject to Corporations Act 2001 (Cth) requirements) for the appointment, reappointment or replacement and remuneration of the external auditor as well as evaluating its effectiveness and independence. The Committee will review the appointment of the external auditor annually based on its assessment of the auditor's performance.

1.2 Assessment of external auditor

The Committee will review the performance of the external auditor on an annual basis after completion of the year-end audit. In evaluating the effectiveness of external audit, the Committee will assess the effectiveness of the external auditor based on a number of criteria including but not restricted to:

- the overall comprehensiveness of the external audit plan;
- the timeliness and quality of communications promised under the plan and delivered during the audit;
- the competency and industry knowledge of external audit staff; and
- the adequacy of resources to achieve the scope as outlined in the plan.

The Committee will seek feedback from management during the assessment process.

1.3 Independence

The Committee will review and assess the independence of the external audit, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. The review and assessment will be carried out annually at the time the external auditor presents its annual audit plan.

Prior to this review, the Committee will request a report from the external auditor which sets out all relationships that may affect its independence, including the provision of non-audit services, financial relationships, employment and other relationships and any other matters that may reasonably be thought to have bearing on the external auditor's independence. The report should outline any safeguards that the external auditor has in place to reduce any threat to independence to an acceptable level.

Before the directors approve the half year and full year accounts, the external auditor will be asked to provide a declaration testifying to its independence in respect of the financial period in question. The external auditor will have a continuing obligation to notify the Committee, via the Company Secretary, of any new information it believes may be material to reviewing its independence.

The Committee has responsibility to develop and oversee the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and to ensure compliance with that policy.

1.4 Rotation of external audit engagement partner

The external audit engagement partner is required to rotate at least once every 5 years, unless otherwise approved by the Audit and Risk Committee and the Board of Sandfire Resources NL.

Attachment 2 – Policy on non-audit services provided by the independent external auditor

2.1 Role of the Committee

The Audit and Risk Committee (Committee) is responsible for the development and oversight of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with the policy.

2.1 Non-audit services

Non-audit services means any services provided by the external auditor which are not included in, or are not necessarily incidental to, the terms of the audit engagement.

2.2 Prohibited non-audit services

Prohibited non-audit services are services that, if provided by the external auditor to the Company, would create a real or perceived threat to the independence of the external auditor.

2.3 External auditor may not provide prohibited non-audit services

The external auditor may not provide any prohibited non-audit services to the Company except for research and development tax concession services.

Unless the Committee decides otherwise, the external auditor is prohibited from:

- performing internal audit services;
- providing advice on deal structuring and related documentation;
- providing IT systems services;
- performing executive recruitment or extensive human resources functions;
- acting as a broker-dealer, promoter or underwriter; or
- providing legal services.

However, even if a non-audit service is not listed above, it will still be prohibited if it creates a real or perceived threat to the independence of the external auditor.

2.4 Chief Financial Officer must approve all non-audit services

To ensure auditor independence is maintained, the Company requires all engagements of the external auditor to provide non-audit services to be approved in writing by the Chief Financial Officer.

2.5 Chief Financial Officer needs committee approval for certain non-audit services

The Chief Financial Officer must obtain the prior written approval of the Committee before the external auditor can be engaged to perform any non-audit services, except for research and development tax concession services.

2.6 Factors to be considered by the Chief Financial Officer/Committee when granting approval

In assessing a request for non-audit services, the Chief Financial Officer/Committee is required to give consideration to:

- the nature of the service provided;
- the dollar value and period of engagement;
- the availability of alternative service providers and the reasoning for recommending the external auditor;
- the audit firm's self assessment of its independence risk, including safeguards to mitigate perceived risks;
- whether the provision of the non-audit services creates a threat to the independence of the external auditor; and
- any other circumstances relevant to the engagement.

2.7 Monitoring and reporting

a. Internal audit

Internal audit will monitor whether this policy is being complied with and periodically report to the Committee as to compliance. Internal Audit must promptly report any breach of this policy to the Chair of the Committee.

b. Chief Financial Officer

The Chief Financial Officer must report to the Committee on a periodic basis regarding:

- any non-audit services provided by the auditor; and
- the amounts paid to the external auditor for those services.

In the event that no internal audit function exists, then the CFO will monitor and report compliance with this policy.

c. Committee

The Committee must provide an annual report to the Board with respect to the non-audit services provided by the external auditor during the year. The report must include:

- the amounts paid or payable to the external auditor for non-audit services provided during the year;
- a statement whether the Committee is satisfied that the provision of those services during the year is compatible with the general standard of independence for auditors; and
- the reasons for the Committee's opinion.

Attachment 3 – CEO and CFO Declaration and Assurance

To the Board of Directors
Sandfire Resources NL
Level 1, 31 Ventnor Avenue
West Perth WA 6005

Sirs

**RE: S295A DECLARATION IN RELATION TO LISTED ENTITY’S FINANCIAL STATEMENTS BY
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

For the Financial/Half Year Ended (Insert)

In the opinion of the Chief Executive Officer and the Chief Financial Officer of Sandfire Resources NL,

- a) the financial records of the Company for the financial/half year have been properly maintained in accordance with S286;
- b) the financial statements and notes for the financial/half year comply with Accounting Standards;
- c) the financial statements and notes for the financial/half year give a true and fair view; and
- d) any other matters that are prescribed by regulations for the purposes of this paragraph in relation to the financial statements and the notes for the financial/half year are satisfied.

Dated:

Chief Executive Officer

Chief Financial Officer