



Sandfire

AUDIT COMMITTEE CHARTER

Effective 1 July 2020

AUDIT COMMITTEE CHARTER

The Board of Directors (**Board**) of Sandfire Resources Limited (**Sandfire** or the **Company**) is committed to fostering a culture of compliance, ethical behaviour and good corporate governance. The Audit Committee is devoted to ensuring all outcomes and decisions align with Sandfire's vision, mission and values.

1. Role of the Audit Committee and authority

- a. The Audit Committee (**Committee**) assists the Board of Sandfire in fulfilling its responsibilities for:
 - i. corporate governance relating to financial matters;
 - ii. oversight of Sandfire's financial reporting;
 - iii. financial risk management and compliance;
 - iv. tax risk management and compliance;
 - v. internal control structure (to the extent it relates to financial and tax matters);
 - vi. responding to any findings of the internal audit function to the extent they relate to financial and tax matters; and
 - vii. external audit functions.

In doing so, the Committee has the responsibility to maintain free and open communication with the Risk Committee, the external auditor and Sandfire's management.

- b. The Committee is empowered to investigate any matter, with full access to all books, records, company operations, and people of Sandfire and the authority to engage independent accounting, legal, compliance, risk management (to the extent it relates to financial and tax matters) or other professional advisers as it determines necessary to carry out its duties.
 - c. The Committee is a committee of the Board established in accordance with Sandfire's constitution (**Constitution**) and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.
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2. Membership

- a. The Committee should to the extent practicable given the size and composition of the Board and nature and scope of the operations of the Company from time to time, comprise of:
 - i. at least three members;
 - ii. non-executive directors; and
 - iii. a majority of directors who are independent (and it must satisfy this description if required by statute or regulation).
- b. All Committee members should be financially literate (that is, able to read and understand financial statements).
- c. All Committee members should have a reasonable understanding of Sandfire's business and the industry in which it participates.
- d. The Chair of the Committee (**Committee Chair**) will be appointed by the Board. The Committee Chair will be an appropriately qualified (i.e. be a qualified accountant or other finance professional with experience of financial and accounting matters) and independent non-executive director who does not chair the Board (and must satisfy this description if required by statute or regulation).
- e. Committee members will be appointed by the Board.

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- f. The Board will, at least once in each year, review the membership 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.
 - g. The appointment and removal of Committee members is the responsibility of the Board.
 - h. A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Committee Chair.
 - i. If a Committee member ceases to be a director of the Board, their appointment as a member of the Committee is automatically terminated with immediate effect.
 - j. The Company Secretary of Sandfire or their designate is secretary to the Committee (**Committee Secretary**).
 - k. Sandfire's Chief Financial Officer will be the primary contact between the Committee and Sandfire's operations and business.
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3. Meetings

- a. The Committee will meet at least four times annually or as frequently as is required to undertake its role effectively.
 - b. Sandfire's Chief Financial Officer (or his or her alternate) shall be present for each Committee meeting (unless notified by the Committee Chair that attendance is not required).
 - c. The Committee may meet in private with either or both of Sandfire's Chief Financial Officer and external auditor.
 - d. Any Committee member may, and the Committee Secretary must upon request from any member, convene a meeting of the Committee.
 - e. The Committee Chair may invite any director, manager, other staff member, external auditor or external advisor to attend all or part of a meeting of the Committee.
 - f. The proceedings of all meetings will be minuted by the Committee Secretary. All minutes of the Committee are available for inspection by any director of the Board.
 - g. A quorum for any meeting will be at least two Committee members.
 - h. The Committee will develop an annual program to meet its responsibilities.
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4. Duties and Responsibilities

- a. The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities:
 - i. to recommend to Sandfire's Risk Committee appropriate strategies, policies, procedures and systems in relation to financial and tax risks for the purposes of the Risk Committee establishing and approving Sandfire's overall risk management framework;
 - ii. to review at least annually and monitor the effectiveness of Sandfire's strategies, policies, procedures and systems in relation to financial and tax risks to:
 - A. satisfy itself that they continue to be sound; and
 - B. that Sandfire is operating with due regard to the risk appetite (as it applies to financial and tax matters) set by the Board through the approval of Sandfire's risk management framework;
 - iii. in relation to Sandfire's financial reporting, which, without limitation, includes:
 - A. assessing whether Sandfire's financial statements reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;

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- B. reviewing the suitability and adequacy of Sandfire's accounting policies and principles and how they are applied in accordance with the statutory financial reporting framework;
 - C. assessing the appropriateness of the accounting judgements or choices exercised by management and significant estimates in preparing the financial statements;
 - D. assessing information from the external auditor to ensure the quality of financial reports; and
 - E. recommending to the Board whether the financial and associated non-financial statements should be signed based on the Committee's assessment of them;
- iv. in relation to the entry into, approval or disclosure of related party transactions (if any);
 - v. to oversee Sandfire's financial controls and systems;
 - vi. to manage external audit arrangements and external auditor independence;
 - vii. to respond to any findings of the internal audit function to the extent they relate to financial and tax matters;
 - viii. ensuring that Sandfire discloses the processes it employs to evaluate and improve its financial risk management and internal financial control processes; and
 - ix. ensuring that any periodic corporate report (to the extent that report relates to financial or tax matters) Sandfire releases to the market that has not been subject to audit or review by an external auditor discloses, either in the report or on the Company's website, the process taken to verify the integrity of its content.
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5. Reporting

The Committee will:

- a. regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
 - b. advise the Board in a timely manner of audit, financial reporting, internal financial control, financial risk management and financial and tax compliance matters which may significantly impact upon Sandfire;
 - c. report and, as appropriate, make recommendations to the Board after each Committee meeting on matters dealt with by the Committee; and
 - d. as and when appropriate, seek direction and guidance from the Board on audit, financial risk management and financial and tax compliance matters.
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6. Preparation and Presentation of Financial Statements and Reports

The Committee will:

- a. after review with management and the external auditor, recommend to the Board the half year and full year financial statements, the preliminary financial reports to be lodged with Australian Securities Exchange (**ASX**) and all related financial reports and statements;
- b. review representation letters to be signed by management to ensure that all relevant matters are addressed;
- c. discuss matters raised by the external auditor as a result of their work;
- d. assess the impact of changes in accounting standards and review recommendations for adoption of such changes in the financial accounts; and
- e. ensure that appropriate processes are in place to form the basis upon which the Chief Executive Officer and Chief Financial Officer execute their certifications under section 295A of the *Corporations Act 2001* (Cth) (**Corporations Act**) to the Board and in compliance with recommendation 4.2 of the Corporate Governance Principles and Recommendations (4th edition) in relation to the systems of internal financial controls, and that system is operating effectively in all material respects in relation to financial reporting risks.

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7. Financial Controls and Systems, Financial Risk Management Policy, Procedures and Systems

- a. The Committee will oversee the effectiveness of Sandfire's financial controls and systems.
 - b. It is the responsibility of the Committee to report to the Board about Sandfire's adherence to policies and guidelines approved by the Board for the management of financial and tax risks. This includes bringing to the Board's attention any instances where Sandfire either has or may need to operate outside the current risk appetite set by the Board or where disclosure to the market might be required.
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8. External Audit

The Committee:

- a. is responsible for making recommendations to the Board on the appointment, reappointment or replacement (subject to shareholder ratification, as required), remuneration, monitoring of the effectiveness, and independence of the external auditor in accordance with the Company's external audit policy;
 - b. will discuss annually with the external auditor the overall scope of the external audit and ensure the external auditor attends the Sandfire annual general meeting (**AGM**) and is available to answer questions from security holders relevant to the audit;
 - c. must approve all audit and non-audit services provided by the external auditor and will not engage the external auditor to perform any non-audit or assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of Sandfire in accordance with the Company's policy on non-audit services provided by the external auditor;
 - d. will advise the Board on statements to be made in the directors' report regarding non-audit services in accordance with the Corporations Act;
 - e. will annually request from the external auditor a report which sets out all relationships that may affect its independence; and
 - f. will review the procedures for selection and appointment of the external auditors and rotation of external audit engagement partner.
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9. Access to information and independent advice

- a. The Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
 - b. The Committee has access to:
 - i. Sandfire's management, to seek explanations and information from them; and
 - ii. external and internal auditors to seek explanations and information, without Sandfire's management being present, if required.
 - c. The Managing Director and Chief Financial Officer and Company Secretary shall have free and unfettered access to the Committee.
 - d. The Committee, with the approval of the Committee Chair, may seek professional advice from appropriate external advisers to enable the Committee to properly carry out its functions and meet its objectives. The Committee may meet with these external advisers without Sandfire's management being present. The costs of such external advisers will be borne by Sandfire.
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10. Committee Performance

- a. The Board will, at least once in each year, review the membership 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.

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- b. The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.
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11. Review

- a. The Committee will review this Charter annually or as often as it considers necessary.
- b. The Board may change this Charter (including the responsibilities of the Committee) from time to time by resolution.
- c. The Company Secretary (and, so long as there are two, either one of them) is authorised to make administrative and non-material amendments to this Charter provided that any such amendments are notified to the Board or its delegated committee at or before its next meeting.

SANDFIRE RESOURCES

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