

SECTION 16 – AUDIT COMMITTEE CHARTER

I. MANDATE

The Audit Committee is elected by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. It has the primary responsibility for the review of financial reports, and other financial information provided by the Company to any regulatory authority or to the public; the review of the Company's system of internal controls for finance, accounting, legal compliance and ethics that management and the Board have established and generally the pursuit of quality and integrity in the financial reports of the Company. The Audit Committee's duties and responsibilities are to:

- a) Oversee the conduct of the external auditor including requiring and monitoring the auditor's independence and performance and recommending an external auditor for shareholder approval;
- b) Identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- c) Monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- d) Oversee and monitor the Company's compliance with applicable legal and regulatory requirements affecting financial reporting; and
- e) Provide an avenue for effective communication among the Company's external auditors, management and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the Company's external auditors and anyone in the Company that it deems necessary. The Audit Committee has the authority to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

II COMPOSITION AND QUORUM

- A.** The Audit Committee shall consist of a minimum of three directors, all of whom shall be independent, and shall be elected at the first meeting of the Board after any Annual General Meeting. Any member of the Audit Committee may be removed or replaced at any time by the Board and the Board may fill a vacancy in the Committee at any time.
- B.** The Chair of the Audit Committee must be elected by the Audit Committee from among their number.
- C.** All of the members of the Audit Committee shall be financially literate and at least one of the members shall be financially sophisticated as defined in the rules of the NYSE Amex.
- D.** A quorum for the transaction of business at all meetings of the Audit Committee shall be a majority of members.

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III. DUTIES OF THE CHAIR OF THE AUDIT COMMITTEE

- A.** Lead the Audit Committee in the performance of its duties and carrying out its responsibilities within the Terms of Reference established by the Board.
- B.** Report to the Board of Directors on the outcome of the deliberations of the Audit Committee and periodically report to the Board of Directors on the activities of the Audit Committee.
- C.** Meet regularly and as required with the Chief Financial Officer of the Company and other members of management to review material issues and to provide the Audit Committee and the Board, in a timely manner, all information necessary to permit the Board to fulfill its statutory financial obligations.
- D.** Attend the Annual General Meeting and be prepared to and respond to any shareholder questions on the Committee's activities.

IV. TERMS OF REFERENCE

- A.** The Audit Committee must recommend to the Board of Directors:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the auditor.
- B.** The Audit Committee must approve the scope and terms of reference of the audit engagement and the process by which and the terms under which the auditor formally reports to the Company. The Audit Committee is directly responsible for identifying and recommending the name of the external audit firm to be recommended to shareholders, the compensation and oversight of the work of the Company's external auditor. The Audit Committee will monitor audit engagement partner rotation requirements.
- C.** The Audit Committee is directly responsible for overseeing the resolution of disagreements between management and the Company's auditor regarding financial reporting.
- D.** The Audit Committee will review the Company's critical accounting policies and review significant accounting, reporting and financial presentation issues, including significant changes proposed by management in the application of the Company's accounting principles.
- E.** The Audit Committee must pre-approve all non-audit services to be provided to the Company or any subsidiary of the Company by the Company's auditor. Between regularly scheduled Audit Committee meetings, the Chair may approve a non-audit service but the Chair will notify the Audit Committee of such approval at the next regular Audit Committee meeting.
- F.** The Audit Committee must review the Company's financial statements, MD&A, Form 20F, annual and interim earnings press releases and any other documents containing financial information before the Company publicly discloses this information and make

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recommendations for approval of such documents to the Board.

- G.** Review with the external auditor the matters that are required by generally accepted auditing standards in the US and Canada to be communicated with the Audit Committee.
- H.** The Audit Committee shall at least annually determine that the auditor is independent of the Company.
- I.** The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph F above, and must periodically assess the adequacy of those procedures.
- J.** The Audit Committee will review all management or other letters containing the recommendations of the Company's external auditor for improvement/change and management's response/follow-ups in respect of any identified weaknesses.
- K.** The Audit Committee will have the right, for the purpose of performing its duties, to inspect all of the books and records of the Company and its affiliates and to discuss such accounts and records and any matters relating to the financial position or condition of the Company with the officers and external auditors of the Company and its affiliates.
- L.** The Audit Committee must establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
 - (b) confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters; and
 - (c) dealing with the reporting, handling and taking of remedial action in respect to alleged illegal or unethical behaviour as provided in the Company's Code of Conduct.
- M.** The Audit Committee shall require the Company to appoint an independent service provider, to be referred to as the Ethics Hotline, who shall have the responsibility of receiving complaints or concerns. As soon as practical after receiving such information, the Ethics Hotline is to advise the Audit Committee Chair fully of any complaint or concern received. The Chair of the Audit Committee shall promptly advise the other members of the Audit Committee of the complaint or concern and the Audit Committee shall determine how best to deal with the complaint or concern.
- N.** The Audit Committee must establish and monitor compliance with the Company's policies regarding:
 - (a) the auditor's provision of services beyond the scope of the Company's audit; and
 - (b) the Company's hiring of partners, employees and former partners and employees of the present and former external auditor of the Company to

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fill senior officer positions of the Company.

- O.** The Audit Committee shall oversee the Company's systems of internal control procedures and policies and shall review with management, evaluate and approve the Company's internal control policies on a regular basis. The systems of internal control include the Company's internal controls over financial reporting. The Committee will (i) receive and review interim and annual CEO and CFO certifications to be filed with securities regulatory authorities, (ii) receive and review reports that may be available from time to time from management, the external auditor or other advisors with regard to the reliability and effective operation of the Company's accounting systems and internal controls and (ii) discuss with management their certifications of internal control over financial reporting and disclosure controls and procedures.
- P.** The Audit Committee will have such other duties, power and authorities, consistent with applicable corporate and securities laws, as the Board may, by resolution, delegate to the Audit Committee from time to time.
- Q.** The Audit Committee will review the adequacy of the Audit Committee Charter and examine the Committee's effectiveness on an annual basis.

V. REGULATIONS

The following regulations shall apply to the proceedings of the Audit Committee:

- A.** The Audit Committee shall meet on such dates as the Chair of the Audit Committee determines, but not less than once each quarter. Notice of any meeting shall be given by letter, fax, email or other means of recorded electronic communication or by telephone not less than 24 hours before the time fixed for the meeting. Members may waive in writing notice of any meeting both before and after holding such meeting.
- B.** The business of the Audit Committee shall be transacted either at meetings in person or by conference telephone or other communications facilities that permit all persons participating in the meeting to hear each other, or by resolution in writing. All questions at a meeting shall be decided in accordance with the vote of a majority of those present and the Chair of the meeting shall not have a second or casting vote.
- C.** A resolution in writing signed by all members of the Audit Committee entitled to vote on that resolution at a meeting of the Audit Committee shall be as valid as if it has been passed at a duly called and constituted meeting. Such resolutions in writing may be in one or more counterparts, all of which, when taken together, shall be deemed to constitute one resolution.
- D.** The external auditor of the Company shall, at the expense of the Company, be entitled to attend and be heard at any meeting of the Audit Committee.
- E.** The Committee will normally invite members of management and the external auditor to attend each Committee meeting. During meetings, the Committee will expect a portion of the meeting to be held in-camera with members only, and normally, the Committee will meet privately with management and with the external auditor.

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- F.** The external auditor and senior management of the Company shall have the opportunity to meet separately with the Audit Committee as may be desired.
- G.** The minutes of the proceedings of the Audit Committee and any resolutions in writing shall be kept in a book provided for that purpose which shall always be open for inspection by any director of the Company.
- H.** The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any such advisors.
- I.** Subject to the foregoing, the calling, holding and procedure at meetings of the Audit Committee shall be determined from time to time by the Audit Committee.