



AUDIT COMMITTEE CHARTER

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1. INTRODUCTION

The Audit Committee is a committee of the Board with the specific powers delegated under this Charter. This Charter sets out the Committee's function, composition, mode of operation, authority and responsibilities.

The role of the Committee is to safeguard the integrity of the Company's financial reporting and oversee the independence of the Company's external auditors.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Charter:

Board means the board of Directors of the Company from time to time.

Chairman means the person appointed by the Board as chairman from time to time.

Charter means this Audit Committee Charter.

Committee or **Audit Committee** means the Audit Committee of the Company.

Company means Pyx Resources Limited ACN 073 099 171.

Director means any person holding the position of a director of the Company and includes an alternate director and **Directors** means the directors for the time being of the Company or as the context permits such number of them as have authority to act for the Company.

2.2 Interpretation

Unless the contrary intention appears, a reference in this Charter to:

- (a) the singular includes the plural and vice versa;
- (b) one gender includes the others;
- (c) an item, recital, clause, subclause, paragraph, schedule or attachment is to an item, recital, clause, subclause, paragraph of, or schedule or attachment to, this Charter and a reference to this Charter includes any schedule or attachment; and
- (d) headings are for ease of reference only and do not affect the meaning or interpretation of this Charter.

3. COMMITTEE MEMBERS

3.1 Membership

The Audit Committee must:

- (a) consist of at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- (b) be chaired by an independent director (i.e. a director who is not actively responsible for the day-to-day management or subject to any other relationship

that could interfere with the independent exercise of their judgment), who is not the Chairman,

and must disclose:

- (c) the Charter of the Committee;
- (d) the relevant qualifications and experience of the members of the Committee; and
- (e) in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

3.2 **Member requirements**

Each member of the Committee is to be financially literate and at least one member of the Committee is to have accounting or related financial management experience.

3.3 **Initial Members**

The Board has established the Committee, the initial members of which are:

- (a) Bakhos Georges;
- (b) Gary J. Artmont; and
- (c) Alvin Tan.

4. **OBJECTIVES OF THE COMMITTEE**

The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by reviewing and making recommendations in relation to:

- (a) the adequacy of the Company's reporting processes and internal control framework;
- (b) whether the Company's financial statements reflect the understanding of the committee members, and provides a true and fair view of position and performance of the Company;
- (c) the appropriateness of accounting judgments or choices exercised by management in preparing the Company's financial statements;
- (d) the appointment or removal of the external auditor and fees payable for audit and non-audit work;
- (e) the rotation of the audit engagement partner;
- (f) the scope and adequacy of the external audit;
- (g) the independence and performance of the external auditor; and
- (h) any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.

5. ACCESS

5.1 Access and co-operation

In executing its responsibilities, the Committee shall have unrestricted access to the external auditors, senior management and employees of the Company.

The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any officer or employee of the Company and such officers or employees shall be instructed by the Board to co-operate fully in provision of such information.

5.2 Independent Experts

The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

6. ATTENDANCE AT MEETINGS

6.1 Attendance

Other directors (executive and non-executive) have a right of attendance at meetings. However, no director is entitled to attend that part of a meeting at which an act or omission of that director or a contract, arrangement or undertaking involving or potentially involving that director or a related party of that director is being investigated or discussed.

6.2 Exceptions

Notwithstanding clause 6.1, if in the opinion of the Committee, its investigation or discussion will be assisted by hearing from the interested director, the Committee may invite that director to address the Committee. The Committee will give fair consideration to that address. The director will not, however, be invited to take part in the deliberations following that address.

7. REPORTING

7.1 Minutes

Proceedings of all meetings must be recorded in minutes and signed by the Chairman.

The Committee, through its Chairman, is to report to the Board at the earliest possible Board meeting after each Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The report should include but is not limited to:

- (a) the minutes of the Committee and any formal resolutions;
- (b) information about the audit process including the results of internal and external audits;
- (c) an assessment of:
 - (1) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
 - (2) the management processes supporting external reporting;

- (d) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
- (e) recommendations for the appointment or removal of an auditor;
- (f) any determination by the Committee relating to the independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
- (g) assessment of the performance and objectivity of the internal audit function;
- (h) results of its review of risk management and internal compliance and control systems;
- (i) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval or action; and
- (j) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.

7.2 **Annual Report**

In addition, the Chairman of the Committee must submit an annual report to the Board (at the Board meeting at which the year-end financial statements are approved) summarising the Committee's activities during the year. The report (and where appropriate, any interim report) must include:

- (a) a summary of the Committee's main authority, responsibilities and duties;
- (b) biographical details of the Committee's members, including expertise, appointment, dates and terms of appointment;
- (c) member and related party dealings with the Company;
- (d) details of meetings, including the number of meetings held during the relevant period and the number of meetings attended by each member;
- (e) explanation of any departures from Corporate Governance best practice recommendations;
- (f) details of any change to the Independent status of each member during the relevant period, if applicable; and
- (g) details of any determination by the Committee regarding the external auditor's independence.