

AuDAX Resources Limited

ABN 50 009 058 646

ASX Principles of Good Corporate Governance and Best Practice Recommendations

Principle #4: Safeguard Integrity in Financial Reporting

Recommendation 4.1: Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Recommendation 4.2: The Board should establish an audit committee.

Recommendation 4.3: Structure the audit committee so that it consists of only Non-Executive Directors, a majority of independent Directors, an independent Chairperson (who is not Chairperson of the Board), and at least three members

Recommendation 4.4: The audit committee shall have a formal charter.

Recommendation 4.5: Provide the information indicated in ASX Guide to Reporting on Principle 4 in the annual report.

The Board of Directors has a primary responsibility to ensure that:

- The Company presents and publishes accounts which present a true and fair view of its results and financial position;
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws; and
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

Management Accountability

The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. AuDAX has no chief financial officer or equivalent. The Board resolves on a half-yearly basis that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate audit committee is not considered appropriate for AuDAX. In addition to managements accountability referred to above, the Board assures integrity of the financial statements by:

- (a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards;
- (b) monitoring compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office;
- (c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Company's business;
- (d) reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and
- (e) When required, nominating the external auditor and at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.

Where appropriate, the Audit Partner responsible for the audit of the Company may be invited to attend Board meetings.