

XS Resources Limited

ACN 624 766 114

Audit and Risk Committee Charter

April 2018

1. Introduction

- 1.1 This Charter sets out the Company's commitment to conducting our operations and activities in harmony with the environment and community, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.
- 1.2 The Company's aim is to minimize our environmental footprint and safeguard the environment while sharing the benefits of share the benefits of mining with our employees and the community and contribute to economic and XSial development, minimizing our environmental footprint and safeguarding the environment, now and for future generations.

2. Explanation of Terms

- 2.1 In this charter:

ASX means Australian Securities Exchange;

Board means the board of directors of XS Commodities Limited;

CFO means Chief Financial Officer (or equivalent);

Chairperson means the chair of the Board;

Charter means this Audit and Risk Committee Charter;

Company Secretary means the company secretary of XS;

Director means a director of XS;

Group means XS and its controlled entities;

MD means the Managing Director or Chief Executive Officer (or equivalent);

Senior Executive means the employees of XS who manage XS pursuant to the directions and delegations of the Board; and

XS means XS Resources Limited.

3. Employees

XS will at all times promote equal opportunity and non-discrimination for employees and contractors.

XS shall adopt a responsible management structure, hiring qualified and experienced employees and contractors with clearly defined functions and responsibilities.

4. Health & Safety

XS will at all times promote a safe and healthy working environment for our employees and contractors to ensure the highest standard of health and safety performance in accordance with relevant standards and regulations.

5. Communities

XS will at all times promote employment and economic opportunities to the areas around mine sites where practicable to promote regional development.

6. Environment

XS will at all times conduct its exploration activities in a manner that minimizes environmental impact and disturbance to the community. XS shall seek where practical to preserve the natural flora and fauna, undertake ongoing soil reclamation, undertake reforestation of affected areas, undertake water protection and ensure proper handling of solid and hazardous waste.

XS are committed to minimising the environmental risks and impacts of their exploration and mining operations by the following:

- (a) Comply with all applicable legal requirements and applicable industry Codes of Practice in relation to the environmental aspects of its activities;
- (b) Strive for continual improvement in its management of the environmental aspects of its operations in accordance with relevant legal requirements and policy guidelines;
- (c) Inform employees and contractors involved in the operations of XS of relevant environmental standards and rehabilitation requirements;
- (d) Conduct activities in a manner that safeguards the health and safety of people;
- (e) Communicate this environmental charter to employees and interested parties;
- (f) Conduct risk assessments as required for activities on a site-specific basis to manage all environmental impacts;
- (g) Prevent pollution through strict adherence to set practices and procedures;
- (h) Respect the interests of pastoral and other landholders, and openly and constructively engage with landholders and communities surrounding the Tenements where relevant;
- (i) Respect Indigenous and non-Indigenous heritage and where practicable avoid impacts on cultural heritage sites and places of significance;
- (j) Strive to minimise waste in all aspects of operations through reduction, reuse and recycling;

- (k) Be mindful of the need to minimise impacts to the landscape and biodiversity values and where possible take practical measures to mitigate the impacts of the activities of XS;
- (l) Rehabilitate land affected by XS activities to standards required by the Department of Trade and Investment.

7. Compliance with this Charter

- 5.1 This Charter is a public document and as a result, adherence to the Charter is fundamental to the Group's reputation in the business community.
- 5.2 The Board of XS has endorsed this Charter.
- 5.3 This Charter is applicable to all of XS' operations.
- 5.4 XS Personnel who are aware of any breaches of this Charter must report the matter to the MD or Company Secretary of XS.
- 5.5 Strict compliance with this Charter is a condition of employment. Breaches of the Charter shall be subject to disciplinary action which may include termination of employment.

8. More Information

- 6.1 XS Personnel who have queries about this Charter should contact the Company Secretary.

9. Consequences of a Breach of this Charter

- 7.1 Non-compliance by XS of this Charter may result in:
 - (a) criminal and civil liabilities under the Corporations Act;
 - (b) infringement notices for alleged contraventions issued to XS;
 - (c) a claim by a third party for compensation; and
 - (d) negative publicity for XS and damage to its reputation in the market.
- 7.2 XS's Personnel who are involved in the contravention by XS may also face criminal and civil liability.
- 7.3 A breach of this Charter may lead to disciplinary action, which may include termination of employment or engagement.

10. Review

- 8.1 This Charter is to be reviewed by the Board on a periodic basis.