

# **REX American Resources Corporation**

## **Audit Committee Charter**

### **I. Purpose**

The Audit Committee of the Board of Directors shall assist Board oversight of (i) the integrity of the financial statements of the Company, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent accountants' qualifications and independence and (iv) the performance of the Company's internal audit function and independent accountants. The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent accountants. The Audit Committee shall prepare an audit committee report as required by the Securities and Exchange Commission to be included in the Company's annual proxy statement.

### **II. Committee Membership**

The Audit Committee shall be comprised of at least three directors of the Company. Each member of the Audit Committee shall satisfy the independence, experience and financial expertise requirements of applicable law and the listing standards of the New York Stock Exchange (NYSE). In addition, at least one member of the Audit Committee shall have accounting or related financial management expertise or shall be an audit committee financial expert as defined by applicable law and NYSE listing standards. Director's fees are the only compensation that an Audit Committee member may receive from the Company.

The Board of Directors shall appoint the members of the Audit Committee. The members of the Audit Committee shall serve until their successors are appointed and qualify, and shall designate the Chairman of the Audit Committee.

### **III. Meetings**

The Audit Committee shall meet regularly as necessary to discharge its responsibilities and duties or as circumstances require. The Audit Committee shall meet periodically with management, the independent accountants and those responsible for the internal audit function in separate executive sessions in furtherance of its purpose.

### **IV. Authority and Responsibilities**

#### **a. Authority**

The Audit Committee shall have sole authority and be directly responsible for the appointment, compensation, retention and oversight of the work of the independent accountants employed by the Company (including resolution of disagreements between management and the accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and such independent accountants shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all audit, review and attest engagements and all permissible non-audit services, unless the engagement is entered into pursuant to pre-approval policies and procedures established by the Audit Committee that are detailed as to the particular service and the Audit Committee is informed of each service, or as otherwise permitted by applicable law with respect to de minimus non-audit services. The Audit Committee may consult with management, but shall not delegate these responsibilities to management.

The Audit Committee shall have the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties, and to conduct or authorize investigations into any matters within the scope of its responsibilities.

The Company shall provide appropriate funding, as determined by the Audit Committee in its capacity as a committee of the Board of Directors, for payment of (i) compensation to the independent accountants engaged to render or issue an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisers employed by the Audit Committee and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

#### **b. Responsibilities and Duties**

In carrying out its responsibilities and duties, the Audit Committee shall:

- Review and discuss with management and the independent accountants the Company's annual audited financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), and the matters required to be discussed pursuant to Statement on Auditing Standards (SAS) No. 61, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

- Review and discuss with management and the independent accountants the Company's quarterly financial statements, including disclosures made under MD&A or similar disclosures, and the matters required to be discussed pursuant to SAS No. 61, prior to the filing of the Company's Form 10-Q, including the results of the independent accountants' reviews of the quarterly financial statements to the extent applicable.

- Review and discuss with management and the independent accountants, as applicable:

- { all significant accounting principles and practices, including critical accounting policies and estimates, used by the Company in the preparation of its financial statements, and any significant changes in the Company's selection or application of significant or critical accounting principles, practices, policies, or estimates;

- { all alternative treatments within generally accepted accounting principles for policies and practices related to material items discussed with management, including the ramifications of the use of alternative disclosures and treatments and the treatment preferred by the independent accountants;

- { material written communications between the independent accountants and management, such as any management letter or schedule of unadjusted differences;

{ the adequacy and effectiveness of the Company's internal controls, any material weaknesses identified by management or the independent accountants, and any corrective actions with regard to significant deficiencies and material weaknesses;

{ any problems, difficulties or differences encountered in the course of the audit work, including any disagreements with management or restrictions on the scope of the independent accountants' activities or on access to requested information;

{ the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements; and

{ the Company's earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies (generally by type of information to be disclosed and not necessarily in advance of release).

- Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Obtain and review a report from the independent accountants at least annually regarding (i) the independent accountants' internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and (iii) any steps taken to deal with any such issues.
- Evaluate the qualifications, performance and independence of the independent accountants, including all relationships between the independent accountants and the Company, and obtain from the independent accountants the written disclosures as required by Independence Standards Board Standard No. 1.
- Ensure that the lead partner and the concurring partner of the independent accountants responsible for the audit are rotated at least every five years as required by applicable law, rules and regulations.
- Recommend to the Board of Directors policies for the Company's hiring of employees or former employees of the independent accountants who were engaged on the Company's account.
- Discuss with the independent accountants the Company's internal audit function.
- Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Make regular reports to the Board of Directors.
- Review and reassess the adequacy of this charter annually.
- Annually review the Audit Committee's own performance.

## **V. Limitations of Audit Committee's Roles**

While the Audit Committee has the responsibility and authority set forth in this charter, it is not the duty of the Audit Committee to prepare financial statements, plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent accountants.

Adopted: March 30, 2004

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