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## AUDIT COMMITTEE CHARTER

### 1. Purpose and Objectives

The purpose of the Audit Committee (the “Committee”) is to:

- (a) assist the board of directors' (the “Board”) oversight of the Company's financial integrity, specifically:
  - (i) the integrity of the Company’s financial statements and other financial reporting;
  - (ii) the independent auditor's qualifications and independence;
  - (iii) the performance of the Company’s internal audit functions and internal auditors;
  - (iv) the Company’s compliance with legal and regulatory requirements; and
  - (v) any other matters as defined by the Board.
  
- (b) manage, on behalf of the shareholders, the relationship between the Company and the external auditors by:
  - (i) recommending to the Board the nomination and remuneration of the external auditors;
  - (ii) overseeing the work of the external auditors for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
  - (iii) pre-approving all non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor; and
  - (iv) managing the relationship and facilitating communication between the Company and the external auditors.
  - (v) prepare any report that is required to be included in the Company’s annual information form (“AIF”) relating to the Committee.

### 2. Authority

The Board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from the external auditors, to retain outside legal or professional counsel and other experts and to ensure the attendance of the Company’s officers at meetings as appropriate.

### 3. Organization

#### (a) Membership

- (i) The Committee shall be comprised of at least three members, appointed annually by the Board and each member shall be:
  - (A) neither an officer or employee of the Company or any of its affiliates;
  - (B) “independent” as defined in National Instrument 52-110 – Audit Committees (“NI-52-110”), in that they are free from any direct or indirect material relationship that, in the opinion of

- the Board, would reasonably interfere with the exercise of independent judgement as a member of the Committee; and
- (C) “unrelated” members for the purposes of the Toronto Stock Exchange Corporate Governance Guidelines.
- (ii) No member of the Committee may serve as a consultant or service provider to the Company.
- (iii) All members of the Committee must be “financially literate” as defined in NI 52-110.
- (iv) At least one member of the Committee must possess accounting or related financial expertise and shall have:
- (A) an understanding of financial statements and the generally accepted accounting principles used by the Company to prepare its financial statements;
- (B) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and mineral reserves;
- (C) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- (D) an understanding of internal controls and procedures for financial reporting; and
- (E) an understanding of audit committee functions.
- (v) The financial expertise referred to in subsection (iv) must have been acquired through educational means alone, or in combination with a complex financial or accounting employment background.
- (vi) A Chair shall be appointed by the Committee.
- (vii) A quorum for any meeting shall be two members.
- (viii) The secretary of the Committee shall be such person as nominated by the Chairman.
- (b) Committee Meetings
- (i) The time and place of all Committee meetings shall be determined by the Committee, provided that meetings are held at least quarterly. Special meetings shall be convened as required.
- (ii) Matters reported to the Committee or submitted for consideration shall be reported or submitted together with all necessary information and documentation prior to the Committee meetings.
- (iii) The Committee shall be provided quarterly financial statements, including a comparison of current period actual results to budget and prior year, as well as certain operating statistics and analyses as the Committee may require from time to time.
- (iv) The external auditor of the Company shall be given notice of every meeting of the Committee and, the expense of the Company, shall be entitled to attend and be heard thereat.

- (v) Any member of the Committee or the external auditor may call a meeting of the Committee.
- (vi) The Committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
- (vii) The proceedings of all meetings will be recorded in the minutes.

#### **4. Reporting to the Board**

The Committee shall report to the Board following every meeting and at such other times as the Chair of the Committee may determine appropriate.

#### **5. Remuneration of Committee Members**

- (a) No member of the Committee may earn fees from the Company or any of its subsidiaries other than directors' fees (which fees may include cash and/or securities or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive).
- (b) For greater certainty, no member of the Committee shall accept any consulting, advisory or other compensatory fee from the Company.

#### **6. Duties and Responsibilities**

- (a) Financial Information
  - (i) Annual Financial Statements: Before the release of the Company's annual financial statements and related management's discussion and analysis ("MD&A"), press release and AIF the Committee shall meet with management and the external auditors to review and discuss the contents of those documents. The Committee shall then present a report to the Board based on this review.
  - (ii) Interim Financial Statements: Before the release of the Company's interim financial statements and related MD&A and press release, the Committee shall review those documents. They shall then provide a report to the Board based on this review.
  - (iii) Review Procedures: The Committee must establish procedures and periodically assess such procedures for review of the Company's disclosure of financial information extracted or derived from the Company's financial statements.
  - (iv) Accounting Treatment: The Committee shall review and discuss with management and the external auditors:
    - (A) the quality of the Company's accounting principles and financial statement presentations, including any significant accounting changes and the Company's application or selection of accounting principles;
    - (B) any analysis prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the

- preparation of the financial statements, including all alternative treatments of financial information within GAAP that the external auditor has discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor;
- (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements of the Company; and
  - (D) any material written communications between the external auditor and the Company including any management letter or schedule of unadjusted differences.
- (b) Disclosure of Other Information
- (i) The Committee shall review:
    - (A) the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases; and
    - (B) financially related press releases (paying particular attention to any use of “pro forma” or “adjusted” non-GAAP information).
- (c) External Auditor
- (i) External auditors shall report directly to the Committee, and provide to them an annual audit plan for approval.
  - (ii) The Committee shall:
    - (A) Make recommendations to the Board as to the selection of the firm of independent public accountants 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;
    - (B) Review and approve the Company’s independent auditors’ annual engagement letter and audit plan, including the proposed fees contained therein, and make recommendations thereon to the Board;
    - (C) Review the performance of the Company’s independent auditors and make recommendations to the Board regarding the replacement or termination of the independent auditors when circumstances warrant; and
    - (D) Oversee the independence of the Company’s independent auditors by, among other things:
      - (1) Recommending approval by the Board of the appointment, compensation and work carried out by the independent auditors, including the provision of both audit related and non-audit related services to the Company or any of its subsidiaries.
      - (2) Requiring the independent auditors to deliver to the Committee, at least annually, a formal written statement delineating all relationships between the independent auditors and the Company and confirming their independence from the Company.

- (3) Actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact upon the objectivity and independence of the independent auditors and recommending that the Board take appropriate action to satisfy itself of the auditors' independence.
  
- (d) Internal Auditor
  - (i) Reporting: There shall be regular reporting from the internal auditor to the Committee and direct communications, without management present, with respect to specific material issues as they arise.
  - (ii) Oversight: The Committee shall oversee management reporting on the Company's internal controls and periodically review and approve the mandate and plan of the internal audit department.
  - (iii) Review: The Committee shall review the scope of the internal audit plan on an annual basis.
  
- (e) Financial Risks

Financial Risks: The Committee shall meet periodically with management to discuss and review the current areas of greatest financial risk and whether management is managing these effectively.
  
- (f) Planned Decisions

The Committee shall discuss and review planned decisions, including but not limited to strategic initiatives, management's plans to access the equity and debt markets, major transactions and significant related party or other contracts or negotiations.
  
- (g) Legal and Regulatory Compliance

The Committee shall review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate. In addition, the Committee shall obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required D - 6 statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
  
- (h) Annual Budget

The Committee shall work with the Board to determine an appropriate annual budget for the Committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the committee.

**7. Complaint Procedure**

The Committee shall put in place procedures to deal with:

- (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (iii) The Committee shall support the auditor, when appropriate, when issues arise, and management and the auditor disagree.

**8. Hiring Policies**

The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company.

**9. Review and Amendments to the Charter**

- (a) By the Committee: The Committee shall review this Charter annually and recommend to the Board any amendments it considers appropriate or desirable.
- (b) By the Board: The Board shall review and reassess the adequacy of this Charter annually or whenever necessary and shall consider all recommendations received by it from the Committee.