

# CANOE MINING VENTURES CORP.

## - AUDIT COMMITTEE CHARTER –

### **PURPOSE OF THE AUDIT COMMITTEE**

The purpose of the Audit Committee is to fulfill the applicable public company audit committee legal and regulatory obligations and to provide assistance to the Board of Directors (the “**Board**”) to enable it to fulfill its oversight responsibilities in relation to the financial reporting process, the system of internal controls and the audit process and management of significant risks to Canoe Mining Ventures Corp. (the “**Corporation**”), as they relate to financial reporting.

### ***Audit Committee Mandate***

The Audit Committee (the “**Committee**” or the “**Audit Committee**”) is appointed by the Board to assist the Board in fulfilling its oversight responsibilities of the Corporation. In so doing, the Committee provides an avenue of communication among the external auditors, management and the Board.

The Committee's purpose is to ensure the integrity of financial reporting and the audit process, and that sound risk management and internal control systems are developed and maintained. In pursuing these objectives the Audit Committee oversees relations with the external auditors, and reviews the effectiveness of the internal audit function.

### **STRUCTURE OF THE COMMITTEE**

#### ***Composition***

The Audit Committee is a standing committee of the Board and will be composed of not less than three directors, with not more than one Director being a Corporate Officer, related party or employee of the Corporation.

#### ***Quorum***

A quorum of the Committee will be a majority of members present in person, by telephone or any combination thereof.

#### ***Appointment of Members and Chairman***

Members of the Committee shall be appointed by the Board annually on the recommendation of the Corporate Governance & Nominating Committee to hold office at the pleasure of the Board. Under normal circumstances and to ensure continuity, the members of the Committee shall use their best efforts to ensure that no more than two members of the Committee resign from the Committee in any given year.

#### ***Chairman***

The Board shall appoint one of the members as the Committee Chair (the “**Chair**”). In the absence of the Chair from any meeting, the Committee shall appoint a member to be the Chair for the purposes of the conduct of that meeting.

#### ***Qualification of Members***

Members of the Committee shall meet applicable requirements and guidelines for audit committee service, including requirements and guidelines with respect to being independent and unrelated to the Corporation and to having accounting or related financial management expertise and financial literacy.

The determination as to whether a particular Director satisfies the requirements for membership on the Audit Committee shall be made by the full Board.

***Vacancy***

A vacancy occurring in the membership of the Committee may be filled by the Board at its discretion, but in any event, the Board shall fill any vacancy to ensure a minimum of three members on the Committee at all times.

***Number and Timing of Meetings***

The Audit Committee meets at least four times a year, with meetings being scheduled to permit timely review of quarterly and annual financial statements. Additional meetings may be held at the discretion of the Chair or at the request of a member, external auditors or management.

***Secretary***

A secretary shall be designated and that person shall act as recording secretary for the Committee and produce Minutes of the meetings.

***Meetings with Management and External Auditors***

The Committee, or the Chair on behalf of the Committee, shall meet separately with management and external auditors at least once per quarter and shall meet at such other times, as the Committee deems appropriate.

***Notice and Place of Meetings***

Notice of time and place of meetings shall be communicated to members of the Committee no less than 24 hours prior to the time set for the meeting, provided that any member may waive such notice.

A member of the Committee who attends a meeting for the purpose of objecting to whether the meeting was lawfully called shall not be considered to have waived required notice.

***Invitees***

By invitation of the Chair, individuals who are not members of the Committee may attend meetings from time to time and may participate in discussions related to issues before the Committee.

***Minutes and Procedures of Meetings***

Subject to statutory requirements and by-laws of the Corporation, the Committee may set its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee considers it appropriate, but in any event not later than the next Board meeting. Minutes of the Committee meeting shall be tabled at the next Board of Directors meeting.

***Delegation of Responsibilities***

The Committee may delegate to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

***External Auditors***

External auditors are ultimately accountable to the Board and shall report directly to the Audit Committee. The external auditors are accountable to the Board and the Audit Committee as representatives of the shareholders

***Mandate***

The Committee will review and reassess the adequacy of the Audit Committee Mandate on an annual basis to ensure that it accurately specifies the scope of the Committee's responsibilities and adequately sets out how it carries out those responsibilities.

## **PRIMARY RESPONSIBILITIES OF THE COMMITTEE**

The Committee's primary duties and responsibilities are as follows:

- Review and recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and the compensation to be paid to the external auditor.
- Assume direct responsibility for overseeing the work of the external auditors engaged to prepare or issue an audit report or perform other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors.
- Review the Corporation's financial statements, Management Discussion and Analysis and, if applicable, annual and interim earnings press releases before such documents are publicly disclosed by the Corporation.
- To satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures.
- Establish procedures for a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

### **Authority of the Committee**

The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and have the Corporation pay the compensation for any advisors engaged by it. The Committee (or the Chair on behalf of the Committee) shall also have the authority to communicate directly with the external auditors.

## **DUTIES OF THE COMMITTEE**

### **Compliance**

The Committee is ultimately responsible for ensuring the Corporation's compliance with legal and regulatory requirements in respect to financial reporting and disclosure.

The Committee, on behalf of the Board, is responsible for monitoring management's actions in this regard to ensure that the Corporation has implemented appropriate systems to identify and monitor the response by Management and the Board of Directors to such issues as:

- Significant business risks.
- Legal, ethical and regulatory compliance.
- Internal systems of control and the effectiveness of such internal controls to ensure compliance with policies and procedures.

### **Meetings**

Preparing minutes of all of its meetings and submitting same to the Board of Directors for approval and having the Chairman of the Audit Committee report to the Board of Directors on all significant issues addressed at the Audit Committee meeting.

Reviewing the interim and annual financial statements as well as the Corporation's financial disclosures and related party transactions.

## **Internal Controls**

The Committee is responsible for maintaining the integrity and quality of the Corporation's financial reporting and systems of internal control by overseeing management's system of internal control and reporting process in respect to those controls.

## **External Auditors**

- Reviewing and ensuring the qualifications and independence of the Corporation's external auditors.
- Making recommendations to the Board in respect of appointment or re-appointment of external auditors for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and making recommendations to the Board of Directors on the compensation for the external auditor.
- Overseeing and evaluating the performance of the external auditors.
- Reviewing the annual audit plan prepared by outside auditors and Management (CFO and CEO) in addition to proposed audit fees.
- Reviewing the external audit process and determining whether it has been effectively carried out and whether any matters that the external auditors wish to bring to the attention of the Board have been afforded adequate attention.
- Assessing the external audit function with a view to whether external auditors should be appointed or re-appointed. Such responsibility of the Committee shall include the appointment, retention, termination, compensation and oversight of the external audit function.
- Pre-approving all auditing services and non-audit services to be performed for the Corporation by the external auditors.
- Meeting separately with internal audit, external audit and management at least quarterly to assess issues and make determinations on whether issues need to be taken to the Board for review and assessment.
- Evaluating independence of the external auditor in accordance with Canadian professional requirements, and determining whether disclosed relationships or services may impact the objectivity and independence of the auditors and whether such independence has been documented in written correspondence to the Committee.
- Overseeing any work of the external auditor that includes the resolution of disagreements regarding financial reporting between management and the external auditors.
- Evaluating the external audit process and determining whether the external audit has been completed in accordance with applicable law.

## **Financial Reporting**

- Reviewing annual and interim financial statements of the Corporation.
- Reviewing changes in significant accounting policies and evaluates impact on the current and future financial statements of the Corporation.
- Preparing, if required, an Audit Committee report for inclusion in the Corporation's annual management proxy circular in accordance with applicable rules and regulations.
- Ensuring the effectiveness of disclosure controls and procedures to ensure material information potentially requiring public disclosure is made known in a timely fashion to senior officers of the Corporation.
- Ensuring that the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements are in accordance with the Corporation's Disclosure Policy and periodically assessing the adequacy of those procedures and providing comments to the Disclosure Committee.
- Reviewing and recommending to the Board of Directors for approval the public release and filing of any annual audited consolidated financial statements and quarterly

unaudited consolidated financial statements of the Corporation, including management's discussion and analysis (MD&A), and, if applicable, news releases.

- Reviewing the information contained in the Corporation's quarterly reports, annual report to shareholders, MD&A, Annual Information Form (AIF), prospectuses and other disclosures determining if such information is complete and fairly presented.
- Reviewing material litigation and tax assessments in order to determine if any such matters may have a material impact on the financial position of the Corporation.
- Considering the Corporation's annual financial statements and ascertaining after a review with external auditors and management whether they are presented fairly in all material respects in accordance with generally accepted accounting principles, whether the selection of accounting policies is appropriate and whether the annual financial statements are recommended to the Board of Directors.

### **Reviewing Terms of Reference and Committee's Performance**

The Committee should routinely assess its effectiveness against the mandate and shall report regularly to the Corporate Governance & Nominating Committee and Board of Directors on that assessment.

### **Reviewing Reports to Shareholders**

When required by applicable statute or regulation, the Committee shall prepare reports to shareholders regarding the activities undertaken in the discharge of its responsibilities. A report will be prepared by the Audit Committee for inclusion in the annual report as required.

## **MEETINGS AND OPERATING PROCEDURES**

- In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each Director of the Corporation in a timely fashion.
- The Chairman of the Committee shall prepare and/or approve an agenda in advance of each meeting.
- The Committee, in consultation with management and the external auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial policies and disclosures.
- The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors in advance of meeting dates.
- The Committee should meet privately in executive session at least quarterly with management, the external auditors and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed.
- In addition, the Committee or at least its Chair should communicate with management and the external auditors quarterly to review the Corporation's financial statements and significant findings based upon the auditor's limited review procedures.
- Subject to any review conducted in accordance with the Corporate Governance & Nominating Committee, the Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.
- The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

The Committee shall review and reassess the adequacy of this Charter at least annually, submit it to the Board for approval and ensure that it is in compliance with the TSX Venture Exchange and OSC regulations.

### **GENERAL**

In addition to the responsibilities and duties of the Committee stated above, the Committee shall attend to the following items;

- Review the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation. Review business practices undertaken by senior management to assess appropriateness with corporate policies.
- Review complaints procedures and whether they adequately track and record complaints to the Corporation regarding accounting, internal accounting or auditing matters.
- Engage and pay independent counsel and other special advisors as it deems necessary from time to time in order to carry out Audit Committee duties.
- Investigate any activity of the Corporation as it deems appropriate. All employees of the Corporation are required to cooperate with the efforts or enquiries of the Committee.
- Retain persons having special expertise to assist it in the performance of its duties.
- Communicate with the Board to ensure sufficient funding for the Audit Committee to permit it to fulfill its responsibilities.
- Make provision for confidential, anonymous submission by employees of the Corporation of concerns regarding accounting, internal accounting controls or auditing matters, ensuring that the existing processes adequately provide for such submission and establishing a process whereby the external auditor will receive timely notice of any such submission.
- Review at least annually the risk management and insurance programs and to make recommendations to the Corporate Governance & Nominating Committee as to such risk management and insurance programs.
- Review any issues referred to the Committee by the Board of Directors.

The procedures set forth herein have been set out as guidelines only as opposed to inflexible rules and the Committee may alter these procedures as it deems necessary in order to perform its responsibilities.

### **EFFECTIVE DATE**

This Charter was approved and adopted by the Board on December 12, 2013 and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date.