

# **AUGUSTINE VENTURES INC.**

## **AUDIT COMMITTEE CHARTER**

The Board of Directors (the “Board”) of Augustine Ventures Inc. (the “Corporation”) has established an Audit Committee (the “Committee”) comprised of at least three directors appointed by the Board. The membership qualifications, authority, responsibility and specific duties of the Committee are described below:

### **1.0 Membership Qualifications**

The majority of the Directors on the Committee must be unrelated and independent of management. To be considered unrelated, a director must satisfy the definition of “unrelated” as amended from time to time by the Toronto Stock Exchange and any applicable laws and regulations. In addition, the directors should not directly or indirectly receive compensation from the Corporation or any of its affiliates (including fees paid directly or indirectly for any consulting or any legal, financial or other advisory services), other than director's fees for service as a member of the Board and any committees thereof.

*Under applicable laws, an “unrelated director” is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationship arising from shareholding.*

Additionally, each member of the Audit Committee shall be financially literate and furthermore, at least one member of the Committee at all times from time to time should have an accounting or related financial expertise. For the purposes hereof, “financial literacy” is the ability to read and understand a balance sheet, and income statement and a cash flow statement. Furthermore, “accounting or related financial expertise” is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

Committee members shall serve until their successors shall be duly designated and qualified. Any member may be removed at any time, with or without cause, by a majority of the Board then in office. Any vacancy in the Committee occurring for any cause may be filled by a majority of the Board then in office.

The Committee's chairperson shall be designated by the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may form and delegate authority to subcommittees when appropriate.

### **2.0 Authority**

The Board of Directors has granted the Committee the authority herein provided, as well as the authority to investigate any activity of the Corporation and its subsidiaries. The Committee has been, and shall be, granted unrestricted access to all information and all employees have been, and shall be, directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at the Corporation's expense, persons having special competencies (including, without limitation, legal, accounting or other consultants and experts) to assist the Committee in fulfilling its responsibilities.

### **3.0 Purpose and Responsibilities**

The primary responsibility for financial and other reporting, internal controls, and compliance with laws and regulations, and ethics rests with the management of the Corporation. Additionally, in discharging its duties the independent auditor is ultimately accountable to the board of directors and the audit committee is representative of the shareholders of the Corporation. The Committee's primary purposes are to assist the Board in (a) its oversight of the integrity of the Corporation's financial statements, (b) the Corporation's compliance with legal and regulatory requirements and corporate policies and controls, (c) the independent auditor's selection, retention, review of qualifications and review of independence and (d) to prepare the "Report of the Audit Committee" to be included in the Corporation's annual proxy circular.

The Committee will assist the Board by reviewing the financial information that will be provided to the shareholders and others, the systems of internal controls that management and the Board of Directors have established, and the audit process.

The Committee is responsible for overseeing the integrity of the financial reporting process and that the financial statements adequately represent the Corporation's financial condition, results of operations and cash flows. Secondly, the Committee is responsible for overseeing the Corporation's compliance with corporate policies that provide processes, procedures and standards to follow in regard to the financial matters involving the Corporation. Thirdly, the Committee is responsible for understanding the Corporation's financial reporting risks and the internal control structure.

Both the independent auditors and the Chief Financial Officer shall have direct and unrestricted access to the Committee as well as the opportunity to meet with the entire Board.

The Committee shall meet no less than four times annually. Additional or special meetings may be held at the Committee's discretion.

### **4.0 Specific Duties**

In discharging its responsibilities, the Committee shall have the sole authority to, and shall, do the following:

1. retain and, where appropriate, terminate the Corporation's independent auditors,
2. determine the independence of the Corporation's independent auditors,
3. pre-approve all auditing services and related fees and the terms thereof, including the scope of the independent auditors' audit examination plan, procedures and timing of the audit, and
4. Pre-approve any non-audit services (i.e., any services provided other than in connection with the audit or review of financial statements) to be rendered by the Corporation's auditors, including the terms thereof, and the fees to be paid in connection therewith.

The Committee may delegate to one or more members of the Committee the authority to pre approve services to be provided by the independent auditors. Any such pre-approval by one or more members of the Committee shall be reported to the full Committee at the next scheduled

meeting. The pre-approval of auditing and non-auditing services can be done with input from, but no delegation of authority to, management.

**4.1** The Committee is also expected to perform the following additional duties:

1. Prior to the audit, review the experience and qualifications of the senior members of the independent auditors' audit team and the quality control procedures of the independent auditors.
2. Review with the independent auditors and management the Corporation's policies and procedures relative to the adequacy of internal accounting and financial reporting controls, including controls over quarterly and annual financial reporting, computerized information systems and security.
3. Make all necessary inquiries of management and the independent auditors concerning compliance with established standards of corporate conduct.
4. Review with management, and the independent auditors (i) the Corporation's policies with respect to risk assessment and risk management, (ii) the Corporation's major financial risk exposures and (iii) the steps management has taken to monitor and control such exposures.
5. Review with management and the independent auditors the accounting and reporting principles and practices applied by the Corporation in preparing its financial statements, including: (i) major issues regarding accounting principles and financial statement presentations including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation; and (iv) earnings press releases (when applicable) (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as financial information and earnings guidance (when applicable) provided to analysts and rating agencies.
6. Discuss with management generally the types of information (including financial information and earnings guidance, when applicable) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.
7. Prior to the release of the annual financial statements, review with management and the independent auditors, upon completion of their audit, the financial results for the year and the results of the audit, including (i) the Corporation's annual financial statements and related footnotes; (ii) management's discussion and analysis of the financial condition and results of operations; (iii) the results of the audit, including the nature and amount of unrecorded adjustments resulting from the audit; (iv) the independent auditors' management recommendations; (v) any significant transactions which occurred during the year; (vi) any significant adjustments; (vii) management judgments and accounting estimates; (viii) new accounting policies; (ix) all alternative treatments of

financial information within generally accepted accounting principles, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent public accountants; and (x) any disagreements between management and the independent auditors.

8. Prior to the release of quarterly financial statements, review with management the Corporation's quarterly financial statements for such quarter, including (i) the financial statements and related footnotes, (ii) management's discussion and analysis of the financial condition and results of operations, (iii) the result of the quarterly review, including the nature and amount of unrecorded adjustments resulting from the review, (iv) any significant transactions which occurred during the quarter, (v) any significant adjustments, (vi) critical accounting policies and practices, (vii) new accounting policies, (viii) all alternative treatments of financial information within generally accepted accounting principles, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent public accountants, and (ix) any disagreements between management and the independent auditors.
9. At least annually, (i) obtain and review from the independent auditors a written statement delineating all their relationships with the Corporation, which is to include all non-audit services provided and related fees and (ii) discuss with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the accountants and take appropriate action to satisfy itself as to the independence of the accountants.
10. At least annually, (i) obtain and review a written report by the independent auditors describing (a) the firm's internal quality-control procedures; and (b) 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 any independent audit carried out by the firm, and any steps taken to deal with any such issues, and (ii) review the independent auditors' work throughout the year, including obtaining the opinions of management. Based upon the foregoing, (i) evaluate the independent auditors' (including the lead partner's) performance and (ii) present the Committee's conclusions to the full Board.
11. Approve the "Report of the Audit Committee" included in the Corporation's annual proxy circular. Such report is to include:
  - That the independence of the independent auditors has been discussed with them;
  - That the audited financial statements have been reviewed and discussed with management; and
  - The Committee's recommendation with regard to the audited financial statements.
12. Meet or speak periodically and separately with each of management and the Independent auditors
13. Review and evaluate the internal auditors' (if one exists) work throughout the year, and present the Committee's conclusions to the full Board.

14. At least quarterly, review with the independent auditors difficulties or problems encountered in the course of any audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
15. Set and review clear hiring policies for employees or former employees of the independent auditors in accordance with applicable laws and regulations.
16. Take such action as necessary to assure the rotation of the lead audit partner at least every five years or such other period as may be required under applicable law.
17. Establish or review procedures for processing internal complaints regarding accounting, internal controls or auditing matters, and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing practices.
18. Conduct an annual performance self-evaluation of the Committee.
19. Apprise the Board of Directors regularly of significant developments in the course of performing the above duties, including reviewing with the full Board any issues that arise with respect to the quality or integrity of the Corporation's compliance with legal or regulatory requirements, the performance and independence of the company's Independent public accountants.
20. Review and reassess the adequacy of this charter on a regular basis and submit any proposed revisions to the Board for consideration and approval.
21. The Audit Committee shall receive and review the reports of the Chief Executive Officer and Chief Financial Officer (Form 52-109F1 Certificate of Interim or Annual Filings, Management Discussion & Analysis required by securities regulations).