

# CHARTER OF THE AUDIT COMMITTEE

## OPTA MINERALS INC. (the “Corporation”)

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### I. Purpose of the Committee

The purpose of the Corporation’s Audit Committee (the “Committee”) is to provide assistance to the Board of Directors in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation and its subsidiaries. It is the objective of the Committee to maintain free and open means of communications among the Board of Directors, the independent auditors, the internal auditors and the financial and senior management of the Corporation.

The Audit Committee’s primary duties and responsibilities are to:

- oversee (i) the integrity of the Corporation’s financial statements, (ii) the Corporation’s compliance with legal and regulatory requirements, and (iii) the independent auditors’ qualifications and independence;
- serve as an independent and objective party to monitor the Corporation’s financial reporting processes and internal control systems;
- review and appraise the audit activities of the Corporation’s independent auditors and the internal auditing functions; and
- provide open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial reporting and control matters.

The Committee is directly responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the work of the Corporation’s independent auditors engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation and, in accordance with the requirements of the Toronto Stock Exchange (the “TSX”) and the rules promulgated by the Ontario Securities Commission (the “OSC”), the independent auditors must report directly to the Committee and are accountable to the Committee (as representatives of the shareholders of the Corporation). The Committee’s oversight responsibilities include the authority to approve all audit engagement fees and terms, as well as all permitted non-audit engagements and the resolution of disagreements between management and the independent auditors regarding financial reporting. The Committee shall take such actions as it may deem necessary to satisfy it that the Corporation’s auditors are independent within the meaning of applicable securities laws.

### II. Composition of the Committee

The Board of Directors shall designate annually the members of the Committee and a Chairman of the Committee. The Committee will be comprised of at least three directors. Each member of the Committee shall be an “independent” director, and, as such, shall be free from any relationship that may interfere with the exercise of independent judgment as a member of the Committee. Under National Instrument 52-110 – Audit Committees (“NI 51-110”), a member of an audit committee is considered independent if the member has no direct or indirect material relationship with the Corporation. A “material relationship” is defined under NI 52-110 as a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment. Certain classes of individuals are deemed under NI 52-110 to have a material relationship with the Company.

In addition, each member of the Committee shall be an “unrelated director” in accordance with the proposed corporate governance guidelines of the Toronto Stock Exchange. An “unrelated director” means a director who is independent of management and is free of 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 in the best interests of the Corporation, other than interests or relationships arising from shareholding.

All members should have skills and/or experience which are relevant to the mandate of the Committee. All members of the Committee shall be financially literate at the time of their appointment to the Committee. “Financial literacy” shall be determined by the Board of Directors in the exercise of its business judgment, and shall include a working familiarity of basic finance and accounting practices. Pursuant to NI 52-110, “financial literacy” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements. Further, at least one member of the Committee shall have “accounting or related financial experience” as required under the rules of the TSX. Specifically, the Committee member with “accounting or related financial experience” must have the following attributes:

- an understanding and ability to analyze and interpret a full set of financial statements prepared in accordance with generally accepted accounting principles in Canada (“**Canadian GAAP**”) (or generally accepted accounting principles in the United States (“**U.S. GAAP**”) if the Corporation elects to present its primary financial statements in accordance with U.S. GAAP);
- an ability to assess the general application of Canadian GAAP in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

Each member of the Committee and the Committee generally, shall satisfy the applicable independence and experience requirements of: (i) the laws governing the Corporation, (ii) the TSX, and (iii) applicable securities regulatory authorities.

Committee members, if they or the Board of Directors deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm.

### **III. Duties and Responsibilities of the Committee**

In carrying out its duties and responsibilities, the Committee’s policies and procedures should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions. The Committee should review and reassess annually the adequacy of the Committee’s charter. The charter shall specify:

- the scope of the Committee’s responsibilities and how it carries out those responsibilities;
- the ultimate accountability of the Corporation’s independent auditors to the Committee (as representatives of the shareholders of the Corporation);
- the responsibility of the Committee for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation’s independent auditors; and
- that the Committee is responsible for ensuring that the Corporation’s independent auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the independent auditors and the Corporation and that the Committee is responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for taking appropriate action to ensure the independence of the independent auditors.

While there is no “blueprint” to be followed by the Committee in carrying out its duties and responsibilities, the

responsibilities and authority of the Committee generally include, but are not restricted to, undertaking the matters listed below:

***Selection and Evaluation of Auditors***

- (1) Select the firm of independent public accountants to audit the books and accounts of the Corporation and its subsidiaries for each fiscal year.
- (2) Review and approve the Corporation's independent auditors' annual engagement letter, including the proposed fees contained therein.
- (3) Review the performance of the Corporation's independent auditors and replace or terminate the independent auditors when circumstances warrant.
- (4) Oversee the independence of the Corporation's independent auditors by, among other things:
  - (i) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation; and
  - (ii) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors' independence.
- (5) Instruct the Corporation's independent auditors that:
  - (i) they are ultimately accountable to the Committee (as representatives of the shareholders of the Corporation);
  - (ii) they must report directly to the Committee; and
  - (iii) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditors.
- (6) Review and pre-approve all audit and permitted non-audit services or mandates to be provided by the independent auditors to the Corporation, including tax services and to determine which non-audit services the independent auditor is prohibited from providing.

***Oversight of Annual Audit***

- (1) Review and accept, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope of audit activities, and monitor such plan's progress and results during the year.
- (2) Confirm through private discussions with the Corporation's independent auditors and the Corporation's management that no management restrictions being placed on the scope of the independent auditors' work
- (3) Review the results of the year-end audit of the Corporation, including (as applicable):
  - (i) the audit report, the published financial statements, the management representation letter, the "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the Corporation's independent auditors, any other pertinent reports and management's responses concerning such memorandum;
  - (ii) the review of and discussions with the independent auditor as to the qualitative judgments of the independent auditors about the appropriateness, not just the acceptability, of accounting principle

and financial disclosure practices used or proposed to be adopted by the Corporation including any alternative treatments of financial information that have been discussed with management, the ramification of their use and the independent auditor's preferred treatment as well as any other material communications with management and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates;

- (iii) the selection and application of the Corporation's critical accounting policies
  - (iv) the methods used to account for significant unusual transactions;
  - (v) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
  - (vi) significant recorded and unrecorded audit adjustments;
  - (vii) any material accounting issues among management, the Corporation's internal auditing department and the independent auditors; and
  - (viii) other matters required to be communicated to the Committee under generally accepted auditing standards, as amended, by the independent auditors.
- (4) Review with management and the Corporation's independent auditors such accounting policies (and changes therein) of the Corporation, including any financial reporting issues which could have a material impact on the Corporation's financial statements, as are deemed appropriate for review by the Committee prior to any year-end filings with the OSC or other regulatory body.
- (5) Receive a report from the Corporation's independent auditors, prior to the filing of the audit report with the OSC, regarding:
- (i) all critical accounting policies and practices used by the Corporation;
  - (ii) all material alternative accounting treatments of financial information within Canadian GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditors; and
  - (iii) other material written communications between the independent auditors and management.

***Oversight of Financial Reporting Process and Internal Controls***

- (1) Review the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditors and management of the Corporation.
- (2) Review with management the Corporation's administrative, operational and accounting internal controls, including controls and security of the computerized information systems, and evaluate whether the Corporation is operating in accordance with its prescribed policies, procedures and codes of conduct.
- (3) Review with management and the independent auditors any reportable conditions and material weaknesses affecting internal control.
- (4) Receive periodic reports from the Corporation's independent auditors and management of the Corporation to assess the impact on the Corporation of significant accounting or financial reporting developments proposed by the CICA, the AICPA, the Financial Accounting Standards Board, the OSC or other regulatory body, or any other significant accounting or financial reporting related matters that may have a bearing on the Corporation.

- (5) Discuss generally with management the types of information to be disclosed and presentations to be made in connection with the Corporation's (a) issuance of earnings press releases (including the Company's use of "pro forma" or "adjusted" non-GAAP information), and (b) disclosure of financial information and earnings guidance to analysts and ratings agencies. The Committee need not discuss in advance each earnings release or each instance in which the Corporation may provide earnings guidance.
- (6) Discuss the Corporation's policies and guidelines which govern the Corporation's risk assessment and risk management as well as discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- (7) Establish and maintain free and open means of communication between and among the Board of Directors, the Committee, the Corporation's independent auditors, the Corporation's internal auditing department and management.

***Other Matters***

- (1) Review the Company's financial statements, Management Discussion and Analysis and annual and interim earnings press releases before the Company publicly discloses the information.
- (2) Ensure 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 must periodically assess the adequacy of those procedures.
- (3) Meet with counsel regularly to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation.
- (4) Review the Corporation's policies relating to the avoidance of conflicts of interest and review and approve any transactions between the Corporation and members of management as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditors.
- (5) Conduct or authorize investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts as the Committee determines necessary to carry out its duties.
- (6) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (7) Establish procedures for the review and approval of financial and related information of the Corporation.
- (8) Review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.
- (9) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board of Directors deems necessary or appropriate.

With respect to the duties and responsibilities listed above, the Committee should:

- (1) Report regularly to the Board of Directors on its activities, as appropriate.
- (2) Exercise reasonable diligence in gathering and considering all material information.
- (3) Understand and weigh alternative courses of conduct that may be available.

- (4) Focus on weighing the benefit versus harm to the Corporation and its shareholders when considering alternative recommendations or courses of action.
- (5) If the Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Committee in fulfilling its duties and responsibilities.
- (6) Provide management, the Corporation's independent auditors and internal auditors with appropriate opportunities to meet privately with the Committee.

#### **IV. Meetings of the Committee**

The Committee will meet as often as it deems necessary or appropriate to perform its duties and carry out its responsibilities described above in a timely manner, but at least once each fiscal quarter. Meetings may be held at any time deemed appropriate by the Committee. All such meetings shall be held pursuant to the By-Laws of the Corporation with regard to notice of waiver thereof, and written minutes of each such meeting shall be duly filed in the Corporation's records.

As part of its purpose to foster open communications, the Committee shall meet at least annually with management, and the Corporation's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The Chairman should work with the Chief Financial Officer and management to establish the agenda for Committee meetings. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee's activities and provide copies of such minutes to the Board of Directors. The Chairman of the Committee will report periodically the Committee's findings and recommendations to the Board of Directors.

The independent auditors will have direct access to the Committee at their own initiative.

#### **V. Funding**

The Committee's effectiveness may be compromised if it is dependent on management's discretion to compensate the independent auditors or the advisors employed by the Committee. Consequently, the Committee shall have authority to engage and obtain advice and assistance from advisors, including independent or outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (i) to any independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) to any independent advisors employed by the Committee.

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While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.