



AUDIT COMMITTEE CHARTER

By appropriate resolution of the Board of Directors of CGA Mining Limited ("the Board"), the Audit Committee (the "Committee") has been established as a standing committee of the Board with the terms of reference set forth below. Unless the context requires otherwise, the term "Company" refers to CGA Mining Limited and its subsidiaries.

1. PURPOSE

- 1.1 The Committee's purpose is to
- (a) assist Board oversight of:
 - (i) the integrity of the Company's financial statements, Management's Discussion and Analysis of Operating Performance ("MD&A") and other financial reporting;
 - (ii) the Company's compliance with legal and regulatory requirements;
 - (iii) the external auditor's qualifications, independence and performance;
 - (iv) communication among the external auditor, management and the Board;
 - (v) the review and approval of any related party transactions; and
 - (vi) any other matters as defined by the Board; and
 - (b) prepare and/or approve any report that is required by law or regulation to be included in any of the Company's public disclosure documents relating to the Committee.

2. COMMITTEE MEMBERSHIP

- 2.1 Number of Members – the Committee shall consist of not fewer than three members.
- 2.2 Independence of Members – Each member of the Committee shall:
- (a) be a member of the Board;
 - (b) to the extent possible, considering the compensation of the Board, not be an officer or employee of the Company or any of its affiliates.
 - (c) to the extent possible, considering the composition of the Board, be an unrelated director for the purposes of the Toronto Stock Exchange (the "TSX") Corporate Governance Policy; and
 - (c) to the extent possible, considering the composition of the Board, satisfy the independence requirements applicable to members of the audit committees under Multilateral Instrument 52-110 – Audit Committees of the Canadian Securities Administrators (MI 52-110) and other applicable laws and regulations.

- 2.3 Financial Literacy – Each member of the Committee shall satisfy the financial literacy requirements applicable to members of audit committees under the TSX Corporate Governance Policy, MI52-110 and other applicable laws and regulations.
- 2.4 Accounting or Related Financial Experience – At least one member of the Committee shall satisfy the financial expertise and experience requirements under the TSX Corporate Governance Policy.
- 2.5 Annual Appointment of Members – The Committee and its Chair shall be appointed annually by the Board and each member of the Committee shall serve at the pleasure of the Board until he or she resigns, is removed or ceases to be a Director of the Company.

3. COMMITTEE MEETINGS

- 3.1 Time and Place of Meetings – The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, that the Committee shall meet at least quarterly, a majority of members of the Committee shall constitute a quorum, and the Committee shall maintain minutes or records of its meetings and activities.
- 3.2 In Camera Meetings – As part of each meeting of the Committee at which it recommends that the Board approve the annual audited financial statements of the Company, and at such other times as the Committee deems appropriate, the Committee shall meet separately with the external auditor to discuss and review specific issues as appropriate.

4. COMMITTEE AUTHORITY AND RESOURCES

- 4.1 Direct Channels of Communication – The Committee shall have direct channels of communication with the Company's external auditor to discuss and review specific issues as appropriate.
- 4.2 Retaining and Compensating Advisors – The Committee, or any member of the Committee with the approval of the Committee, may retain at the expense of the company such independent legal, accounting (other than the external auditor) or other advisors on such terms as the Committee may consider appropriate and shall not be required to obtain the approval of the Board in order to retain or compensate any such advisors.
- 4.3 Funding – the Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation of the external auditor and any advisor retained by the Committee under Section 4.2 of this charter.
- 4.4 Investigation – The Committee shall have unrestricted access to Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.

5. REMUNERATION OF COMMITTEE MEMBERS

- 5.1 Director Fees Only – No member of the Committee may accept, directly or indirectly, fees from the Company or any of its subsidiaries other than remuneration for acting as a member of the Committee, the Board or any other committee of the board.
- 5.2 Other Payments – For greater certainty, no member of the Committee shall accept any consulting, advisory or other compensatory fee from the Company. For purposes of section 5.1, the indirect acceptance by a member of the Committee of any fee includes acceptance of a fee by an immediate family member or a partner, member or executive officer of, or a person who occupies a similar position with, an entity that provides accounting, consulting, legal,

investment banking or financial advisory services to the Company or any of its subsidiaries, other than limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity.

6. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

6.1 Overview - The Committee's principal responsibility is one of oversight. The Company's management is responsible for preparing the Company's financial statements and the external auditor is responsible for auditing those financial statements.

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

- (i) Financial and Related Information -
 - (i) Annual Financial Statements - The Committee shall review and discuss with management and the external auditor the Company's annual financial statements and related MD&A and report thereon to the Board before the Board approves such statements and MD&A.
 - (ii) Interim Financial Statements - The Committee shall review and discuss with management and the external auditor the Company's interim financial statements and related MD&A and report thereon to the Board before the Board approves such statements and MD&A.
 - (iii) Prospectuses and Other Documents - The Committee shall review and discuss with management and the external auditor the financial information, financial statements and related MD&A appearing in any prospectus, annual report, annual information form, management information circular or any other public disclosure document prior to its public release or filing and, if requested by the Board, report thereon to the Board.
 - (iv) Accounting Treatment - Prior to the completion of the annual external audit, and at any other time deemed advisable by the Committee, the Committee shall review and discuss with management and the external auditor (and shall arrange for the documentation of such discussions in a manner it deems appropriate) the quality and not just the acceptability of the Company's accounting principles and financial statement presentation, including, without limitation, the following:
 - (a) all critical accounting policies and practices to be used, including, without limitation, the reasons why certain estimates or policies are or are not considered critical and how current and anticipated future events impact those determinations and an assessment of management's disclosures along with any significant proposed modifications by the auditors that were not included;
 - (b) all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, including, without limitation, ramification of the use of such alternative disclosure and treatments, and the treatment preferred by the external auditor, which discussion should address recognition, measurement and disclosure consideration related to the accounting for specific transactions as well as general accounting policies. Communications regarding specific transactions should identify the

underlying facts, financial statement accounts impacted and applicability of existing corporate accounting policies to the transaction. If the external auditor's preferred accounting treatment or accounting policy is not selected, the reasons therefor should also be reported to the Committee; and

- (c) other material written communications between the external auditor and management, such as any management letter, schedule of unadjusted differences, listing of adjustments and reclassifications not recorded, management representation letter, report on observations and recommendations on internal controls, engagement letter and independence letter.
- (v) Disclosure of Other Financial Information - The Committee shall:
- (a) review, and discuss generally with management the type and presentation of information to be included in, all public disclosure by the Company containing audited, unaudited or forward-looking financial information in advance of its public release by the Company, including, without limitation, earnings guidance and financial information based on unreleased financial statements; and
 - (b) satisfy itself that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the Company's financial statements, MD&A and earnings press releases, and shall periodically assess the adequacy of those procedures.
- (ii) External Auditor -
- (i) Authority with Respect to External Auditor - As representative of the Company's shareholders and as a committee of the Board, the Committee shall be directly responsible for the appointment, compensation, retention, termination and oversight of the work of the external auditor (including, without limitation, resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. In this capacity, the Committee shall have sole authority for recommending to the Board the person to be proposed to the Company's shareholders for appointment as external auditor, whether at any time the incumbent external auditor should be removed from office, and the compensation of the external auditor. The Committee shall require the external auditor to confirm in an engagement letter to the Committee each year that the external auditor is accountable to the Board and the Committee as representatives of shareholders and that it will report directly to the Committee.
 - (ii) Approval of Audit Plan - The Committee shall approve, prior to the external auditor's audit, the external auditor's audit plan (including, without limitation, staffing), the scope of the external auditor's review and all related fees.
 - (iii) Independence - The Committee shall satisfy itself as to the independence of the external auditor. As part of this process:

- (a) The Committee shall require the external auditor to submit on a periodic basis to the Committee a formal written statement confirming its independence under applicable laws and regulations and delineating all relationships between the auditor and the Company and the Committee shall actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and take, or recommend that the Board take any action the Committee considers appropriate in response to such report to satisfy itself of the external auditor's independence.
- (b) In accordance with applicable laws and regulations, the Committee shall pre-approve any non-audit services (including, without limitation, fees therefor) provided to the Company or its subsidiaries by the external auditor or any auditor of any such subsidiary and shall consider whether these services are compatible with the external auditor's independence, including, without limitation, the nature and scope of the specific non-audit services to be performed and whether the audit process would require the external auditor to review any advice rendered by the external auditor in connection with the provision of non-audit services. The Chair may approve additional non-audit services that arise between Committee meetings, provided that the Chair reports any such approvals to the Committee at the next scheduled meeting.
- (c) The Committee shall establish a policy setting out the restrictions on the Company hiring employees and former employees of the Company's external auditor or former external auditor.
- (iv) Rotating of Auditor Partner - The Committee shall evaluate the performance of the external auditor and whether it is appropriate to adopt a policy of rotating lead or responsible partners of the external auditors.
- (v) Regulatory Matters - The Committee shall discuss with the external auditor the matters required to be discussed by **[Statement on Auditing Standards No. 61 and]** Section 5741 of the CICA Handbook – Assurance relating to the conduct of the audit.
- (iii) Internal Controls -
 - (i) Oversight of Internal Controls - The Committee shall oversee management's design and implementation of and reporting on the Company's internal controls and review the adequacy and effectiveness of management's financial information systems and internal controls.
- (iv) Whistle Blowing - The Committee shall 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.

- (v) Related Party Transactions – The Committee shall review and approve any transaction between the Company and a related party and any transaction involving the Company and another party in which the parties' relationship could enable the negotiation of terms on other than an independent, arms' length basis.
- (vi) Public Reports - The Committee shall prepare and/or approve any report that is required by law or regulation to be included in any of the Company's public disclosure documents relating to the Committee.
- (vii) Other Matters – The Committee may, in addition to the foregoing, perform such other functions as may be necessary or appropriate for the performance of its oversight function.

7. EVALUATION OF CHARTER

Amendments to Charter –

- (viii) Review by Audit Committee - On at least an annual basis, the Committee shall review and discuss the adequacy of this Charter and recommend any proposed changes to the Board of Directors.
- (ix) Review by Board – The Board will review and reassess the adequacy of the Charter on an annual basis and at such other times as it considers appropriate.

LEGISLATIVE AND REGULATORY CHANGES

- (b) Compliance – It is the Board's intention that this mandate shall reflect at all times all legislative and regulatory requirements applicable to the Committee. Accordingly, this Charter shall be deemed to have been updated to reflect any amendments to such legislative and regulatory requirements and shall be formally amended at least annually to reflect such amendments.
- (c) Rules Not Yet in Force – As of the date that this Charter was last revised, MI 52-110, certain guidelines of the TSX applicable to audit committees were not yet in force. The Committee shall comply with such draft instruments as if they were in force.

8. CURRENCY OF CHARTER

- (d) Currency of Charter – This Charter was last revised on 2 December, 2004.