



CORPORATE GOVERNANCE GUIDELINES

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1. Introduction

The Board of Directors of Surge Battery Metals Inc. (the "Company") has adopted these Corporate Governance Guidelines (the "Guidelines") to assist the Board in the exercise of its responsibilities. The Board may modify or make exceptions to the Guidelines from time to time in its discretion and consistent both with the duties and responsibilities owed to the Company and its shareholders and with the statement of the Company's Commitments contained in Appendix 2.

2. Director Responsibilities

- (a) **Oversee Management of the Company.** The principal responsibility of the directors is to oversee the management of the Company in the best interests of the Company and its shareholders. This responsibility may require that the directors attend to the following, directly or by way of committee, formally or informally, as the Company grows:
- (i) review and approve on a regular basis, and as the need arises, fundamental operating, financial, and other strategic corporate plans which take into account, among other things, the opportunities and risks of the business;
 - (ii) evaluate the performance of the Company including the appropriate use of corporate resources and capital;
 - (iii) evaluate the performance of, and oversee the progress and development of, senior management and take appropriate action, such as promotion, change in responsibility and termination;
 - (iv) implement senior management succession plans where necessary;
 - (v) evaluate the Company's compensation programs directly or through the Company's Compensation Committee;
 - (vi) establish a corporate environment that promotes timely and effective disclosure (including appropriate controls), fiscal accountability, high ethical standards and compliance with applicable laws and industry and community standards;
 - (vii) oversee the Company's auditing and financial reporting functions as appropriate and in keeping with its stage of development;
 - (viii) evaluate the Company's systems and business to identify and manage the risks faced by the Company;
 - (ix) review and decide upon material transactions and commitments;
 - (x) develop a corporate governance structure that allows and encourages the Board to fulfill its responsibilities;
 - (xi) provide assistance and consultation where thought appropriate to the Company's senior management, including guidance on those matters that require Board involvement; and
 - (xii) evaluate the overall effectiveness of the Board and its committees.
- (b) **Exercise Business Judgment.** In discharging their fiduciary duties of care, loyalty and candour, directors are expected to exercise their business judgment to act in what they reasonably and honestly believe to be the best interests of the Company and its shareholders free from personal interests. In discharging their duties, the directors normally are entitled to rely on the Company's senior executives, other employees believed to be responsible, and its outside advisors, auditors and legal counsel, but also should consider second opinions where circumstances warrant.
- (c) **Understand the Company and its Business.** With the assistance of the Company, directors are expected to become and remain generally informed about the Company and its business, properties, risks and prospects.

- (d) **Establish Effective Systems.** Directors are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning the Company.
- (e) **Protect Confidentiality and Proprietary Information.** Directors are responsible for ensuring there are policies or personnel in place to protect the Company's confidential and proprietary information from unauthorized or inappropriate disclosure. Likewise, all discussions and proceedings of the Board of Directors must be treated as strictly confidential and privileged to preserve open discussions between directors and to protect the confidentiality of Board discussions.
- (f) **Board, Committee and Shareholder Meetings.** Directors are responsible for adequately preparing for and attending Board meetings and meetings of committees on which they serve. They must devote the time needed, and meet as frequently as necessary, to properly discharge their responsibilities. Directors who reside in or near the city where the Company holds a shareholders' meeting are expected to make a reasonable effort to attend such meeting.
- (g) **Indemnification.** The directors are entitled to Company-provided indemnification through directors' and officers' liability insurance.

3. **Director Qualification Standards**

- (a) **Independence.** The Board will ensure that it has at all times at least the regulatorily required minimum number of directors who meet applicable standards of director independence. For members of the Audit Committee, director independence is to be determined in accordance with those legal, regulatory and stock exchange independence standards applicable to the Company's Audit Committee. The regulatory standards currently in effect are contained in part in Appendix 1.
- (b) **Size and Skills of Board.** The Board believes that a Board of its current size is an appropriate size given the Company's present circumstances. The Board directly or by way of the Compensation Committee or any other committee formed may consider in the future and prior to each meeting of shareholders called to elect a Board of Directors what to recommend to shareholders as an appropriately sized Board of Directors. The Board also may consider the competencies and skills that the Board, as a whole, should possess and the competencies and skills of each director.
- (c) **Other Directorships.** The Board does not believe that its members should be prohibited or discouraged from serving on boards of other organizations, and the Board does not propose any specific policies limiting such activities, providing they do not reduce a director's effectiveness or result in a direct and continuing conflict of interest concerning assets or properties that the Company holds. However, the Compensation Committee will take into account the nature of and time involved in a director's service on other boards if they are evaluating the suitability of individual new directors and in making any recommendations to the Board.
- (d) **Tenure.** The Board does not believe it should establish director term or age limits. Such limits could result in the loss of directors who have been able to develop, over a period of time, significant insight into the Company and its operations and an institutional memory that benefits the Board as well as management.
- (e) **Separation of the Offices of Chair and CEO.** The Board will from time to time select a Chair of the Board in a manner and upon the criteria that the Board deems appropriate at the time of

selection. The Board believes the offices of Chair of the Board and CEO should not be held by the same persons.

- (f) **Selection of New Director Candidates.** Except where the Company is legally required by contract, law or otherwise to provide third parties with the right to nominate directors, the Compensation Committee when and if formed (and the Board prior to that to the extent possible) will until these policies are amended be responsible for (i) identifying individuals qualified to become Board members, (ii) recommending to the Board the persons to be nominated for election as directors at any meeting of shareholders and (iii) recommending to the Board persons to be elected by the Board to fill any vacancies on the Board. The Compensation Committee's recommendations will be considered by the plenary board but the recommendations are not binding upon it. The Board may, at some time in the future, separate the compensation review functions and nomination and governance functions into a separate Nomination and Governance Committee.

4. Board Meetings

- (a) **Selection of Agenda Items.** The Chair of the Board or person designated by the Chair shall inform the Board of an agenda for each Board meeting. Each Board member is free to request the inclusion of other agenda items and is generally free to request at any Board meeting the consideration of subjects that are not on the agenda for that meeting, although voting on matters so raised may be deferred to another meeting to permit proper preparation for a vote on an unscheduled matter (emergencies excepted). At this point in the Company's development, agendas may be extremely informal.
- (b) **Frequency and Length of Meetings.** The Chair of the Board, in consultation with the members of the Board, will normally determine the frequency and length of Board meetings and whether they should be convened in person, by telephone, electronically or in an informal manner however, the ultimate power in this regard rests with the plenary Board. Special meetings may be called from time to time as required to address the needs of the Company's business. The Board of Directors recognizes that for the present stage of the Company's development and for less pressing matters, it will be for the foreseeable future often appropriate to conduct board meetings by consent resolution with communication via email and on an ad hoc basis with electronic or other forms of communication between Board members. These Corporate Governance Guidelines do not impose any minimum number of Board meetings per year. It is recognized that the Board will be international in nature and that, as a result, in person meetings of the Board will be extremely rare.
- (c) **Advance Distribution of Materials.** Information that is important to the Board's understanding of the business to be conducted at a Board or committee meeting will normally be distributed electronically to the directors reasonably before the meeting and directors should review these materials in advance of the meeting. It is recognized that certain items to be discussed at a Board or committee meeting may be of a time-sensitive nature and the distribution of materials on these matters before the meeting may not be practicable.

5. Board Committees

- (a) **Key Committees.** The Board will at all times have an Audit Committee and may in the future appoint a Compensation Committee. References to the Compensation Committee in these Corporate Governance Guidelines will, prior to the formation of any Compensation Committee, be read as references to the Board as a whole. The Compensation Committee will, at this time, also oversee Board nominations. The Board may, from time to time, establish or maintain additional committees or subcommittees as it deems necessary and as appropriate to its future growth and development.

- (b) **Committee Charters.** Each committee will have a charter or similar guiding document that has been approved by the Board. The committee charters will set forth the purposes, goals and responsibilities of the committees. Each committee charter must address those matters required by applicable laws and stock exchange rules. The Audit Committee Charter is attached as Appendix 4.
- (c) **Assignment of Committee Members.** The Board of Directors will be responsible for appointing persons to each committee of the Board. The Audit Committee and Compensation Committee will each have a minimum of three members. Other committees shall have at least one member or the minimum number of members required by applicable law and the Company's charter documents.
- (d) **Committee Meetings.** Meetings may be conducted in person, by telephone, electronically or by other means (including by consent resolution and discussion by email).

6. Director's Access to Management and Independent Advisors

- (a) **Access to Officers and Employees.** All directors have, at all reasonable times and on reasonable notice, full and free access to officers and employees of the Company. To ensure good corporate communications, directors are required to copy the CEO or CFO on all communications with officers and employees of the Company except in exceptional circumstances where the nature of the communication makes it inappropriate for such copying to occur or the nature of the communications is such that it is a personal or business matter that does not involve the Company.
- (b) **Access to Independent Advisors.** The Board and each committee shall have the power to hire and consult with independent legal, financial or other advisors for the benefit of the Board or such committee, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company. Such independent advisors may be the regular advisors to the Company. The Board or any such committee is empowered, without further action by the Company, to cause the Company to pay the appropriate compensation of such advisors as established by the Board or any such committee save and except that any expenditures in excess of \$10,000 must be pre-approved by the full Board prior to a committee incurring the expenditures. Neither the Board as a whole nor the directors individually may retain that firm or person normally providing legal services to the Company but each will seek independent legal advice when necessary.

7. Director Compensation

- (a) **Role of Board and Compensation Committee.** The form and amount of director compensation will be recommended by the Compensation Committee and approved by the Board in accordance with the general principles set forth herein and in any Compensation Committee Charter adopted in the future. It is recognized that, at this point in the Company's development, it is appropriate for compensation to be primarily in the form of incentive stock options. Compensation for any director serving as a nominee or representative of a shareholder of the Company or a third party is, in the Board's view, the responsibility of that shareholder or third party.
- (b) **Form of Compensation.** The Board believes that directors should be provided with incentives to focus on long-term shareholder value. The Board believes that including equity options as part of director compensation helps align the interests of directors with those of the Company's shareholders.

- (c) **Amount of Compensation.** The Company's policy is to compensate persons at a significant premium relative to comparable companies for attraction and retention of these persons and in the belief that this level of compensation significantly contributes to the overall success of the Company and its shareholder value. Directors who are also employees or consultants of the Company may receive additional compensation for Board or committee service.
- (d) **Compensation for Director Service by Company Personnel While Serving on Other Boards of Directors.** Should Company personnel serve as a director or officer of another company (other than a subsidiary, affiliated or associated company of the Company) at the request of the Company or as the representative of the Company, that employee may not accept compensation from that other company for such service. If any such compensation is nonetheless received, it shall be received on behalf of and paid over to the Company.
- (e) **Stock Trading.** Prior to purchasing or selling Company securities, directors must advise the Chair or CEO so as to avoid trading at a time when there may be undisclosed material information or a trading blackout in effect.

8. Director Orientation

- (a) **Director Orientation.** The Board and the Company's senior management will as the Company grows conduct orientation for new directors as soon as possible after their appointment as directors. The orientation will include management familiarizing new directors with the Company's projects and strategic plans, its significant financial, accounting and risk management issues, its principal officers, its internal and independent auditors and its outside legal advisors. In addition, the orientation may include visits to Company headquarters and, to the extent practical, the Company's principal operating facilities.

9. Management Evaluation and Succession and Executive Compensation

- (a) **Selection of CEO.** The Board selects the Company's CEO in the manner that it determines to be in the best interests of the Company. The Board will also when necessary in its discretion develop the corporate goals and objectives that the CEO is responsible for meeting.
- (b) **Evaluation of Senior Management.** The Compensation Committee will be responsible for overseeing, either informally or formally, the evaluation of the performance of the CEO and other members of senior management.
- (c) **Executive Compensation.** Compensation of the CEO must be determined, or recommended to the Board for determination, by the Compensation Committee at a minimum upon his or her hire. The CEO must not be present during voting or deliberations. Compensation for all other members of senior management must be determined, or recommended to the Board for determination, by the Compensation Committee at a minimum initially upon their hire. Prior to the formation of a Compensation Committee, and for this paragraph alone, references to the Compensation Committee are to be read as references to the Board Chair.

10. Board Interaction with Shareholders, Institutional Partners and Outside Parties

The Board believes that the CEO and his or her designees should normally speak for the Company. Individual Board members, officers and employees may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do so with the knowledge of and, absent unusual circumstances, only at the request of the CEO.

The Board will give appropriate attention, or ensure that such attention is given, to written

communications that are submitted by shareholders and other interested parties, and will respond if and as appropriate.

11. Periodic Review of the Corporate Governance Guidelines

The Board will, from time to time, review and reassess the adequacy of these Guidelines and consider any revisions.

APPENDIX 1

DIRECTOR INDEPENDENCE STANDARDS

The following standards are to be used in determining whether a director is “independent” for purposes of determining independence from Management, including for determination of independence in selecting members of Board committees. These standards have been prepared by Canadian securities regulators and published as National Instrument 52-110.

To be independent, a director must meet the requirements of all of the standards. Notwithstanding the foregoing, no director qualifies as an independent director unless the Board of Directors affirmatively determines that the director does not have a relationship with the Company that would interfere with the exercise of independent judgment.

The Corporate Governance Policies and Procedures Manual to which this Appendix 1 is attached also uses the term “outside” director. An outside director is a director who is not independent under the applicable standards but who does not have full-time (or substantially full-time) employment with the Company or a remunerated consulting services relationship of a similar nature. For greater certainty, an outside director may be classified as outside but may not be independent where, for instance, that person owns (or represents a shareholder who owns) more than 10% of the Company’s shares.

Sections 1.4 and 1.5 of National Instrument 52-110

1.4 Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

- (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:
- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 Additional Independence Requirements

- (1) Despite any determination made under section 1.4, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities;
 - (c) is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

APPENDIX 2

OUR COMMITMENTS

1. Human Resources

We are committed to having an employment environment that is supportive and that demonstrates the value that we place on teamwork and individual contributions. We expect all of our employees to treat their fellow employees with the courtesy, dignity and respect that they would like to receive. An integral part of that policy is that the Company does not practice or permit discrimination against any person because of race, ethnicity, religion, national origin, sex, gender, sexual orientation, age or disability. We are also committed to having a friendly workplace that is free of harassment, intimidation and hostility.

We are committed to treating all of our employees fairly. To that end, we encourage our employees to confer with the appropriate person if they have employment related issues that they believe should be addressed.

2. Health and Safety

We are committed to having work sites that are healthy and safe. We expect all of our employees to comply with all applicable health and safety requirements and policies.

3. Environment

The Company is committed to responsible environmental stewardship and to the continuous improvement of its environmental practices and policies. On this basis, the Board of Directors has endorsed the following Guiding Principles for the Company's environmental policy:

Guiding Principles

- The Company will work to comply with all relevant environmental legislation and regulations it is subject to both in Canada and outside of Canada.
- The Company will work to ensure that all employees understand their environmental responsibilities and encourage dialogue on environmental issues.
- The Company will work to develop effective and efficient measures to improve protection of the environment, based on sound science.
- The Company will work to ensure that all employees of the Company have the necessary training, authority and resources to fulfill requirements of their positions as they relate to environmental protection.

4. Community and Other Stakeholders

We are committed to maintaining the best possible relationships with the communities in which we operate and in particular in those communities where our mining activities are located. The Company's policy is to make positive contributions to the communities in which we operate, including encouragement of local employment in our operations and financial contributions to an appropriate

extent, so that the community is enriched by our presence. We also encourage all of our employees to participate in community activity.

Our suppliers and customers are critical to our success in many ways. We are committed to maintaining honest and mutually beneficial relationships with our suppliers and customers.

Our relationships with governmental entities can be especially important in our success as a company. We are committed to dealing in an honest and forthright manner with all governmental entities with which we have relationships.

5. Ethical Conduct and Compliance with Law

We are committed to conduct our business in an ethical way and in compliance with applicable laws and regulations. As a part of our commitment, we have established our Code of Ethics. The Code of Ethics contains some specific provisions dealing with such matters as corporate opportunity and conflicts of interest. It also deals with more general matters, such as compliance with law and honesty and fair dealing. The Company strives to operate in an ethical and legal way in all of its activities, and we expect our employees and other persons connected to the Company to do the same.

APPENDIX 3

CODE OF ETHICS

Introduction

The Company's policy is to conduct its business in accordance with the highest ethical and legal standards. To assist the Company in achieving this policy, the Board of Directors has adopted this Code of Ethics. The Code is designed to deter wrongdoing and to promote:

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest;
- (b) Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company submits to regulatory authorities and communicates to the public;
- (c) Compliance with applicable governmental laws and regulations;
- (d) Prompt internal reporting of violations of the Code to appropriate persons identified in the Code; and
- (e) Accountability for adherence to the Code.

The Code applies to all employees, management consultants, officers, and directors of the Company and its subsidiaries. Depending on the circumstances, it may also apply to agents and other representatives of the Company. ("You" as used in this Code refers to all such persons, as appropriate.) In addition to your complying with the Code, it is your responsibility to prevent others from violating these standards if you are in a position to do so. If you are not in a position to do so, it is your responsibility to bring the matter to the attention of a member of senior management who is in a position to take appropriate action, or to the attention of an independent member of the Board of Directors.

1. Avoiding Questionable or Illegal Practices

The Company's policy is to comply with all laws and regulations that apply to its business, and to avoid any activity that may be regarded as questionable or unethical. Fraudulent, illegal or unethical acts will not be tolerated. No action that would otherwise be questionable is permissible simply because it is customary in a particular location or business.

If you are confronted with a situation that raises an issue under this policy, ask yourself these questions:

- Is the life, health or safety of anyone, or the environment, endangered by the action?
- Is it legal?
- Does it feel honest, fair and ethical?
- Does it compromise anyone's trust or integrity?

- Would the public disclosure of the activity in any way be embarrassing to you, the Company or any other affected employees or persons connected to the Company?

You should be sufficiently familiar with any laws and regulations and Company policies and procedures that apply to your area of work and responsibility. That will permit you to recognize possible breaches and to know when to seek advice. If in doubt, you should discuss the matter with a member of senior management.

2. Honesty and Fair Dealing

When representing the Company, it is important that you deal honestly and fairly with the Company's joint venture partners, suppliers, customers, professional advisors, competitors, other employees, and anyone else with whom you have contact in the course of performing your job. You should not take any advantage of anyone through actions such as manipulation, concealment, misappropriation or abuse of confidential information, falsification, misrepresentation of material facts, undue influence or any other unfair dealing practice. You also should not give any advantage to anyone for reason of personal relationship, personal benefit or other reasons not involving the best interest of the Company.

3. Policy to Prevent the Corruption of Public Officials

Canada has laws (the "Laws") making it illegal to corrupt officials of foreign governments or to engage in certain related acts. In Canada, the law is entitled Corruption of Foreign Public Officials Act.

- (a) Persons to Whom the Laws Apply. The Laws apply to the Company and its subsidiaries; their employees, officers and directors; and their agents and representatives. For these purposes, action by an agent or representative is the equivalent of action by the Company.

The Laws may apply in whole or in part to other companies and joint ventures if a Canadian company controls the other company or joint venture or otherwise authorizes, directs or participates in activity by the other company or joint venture. Deciding whether activities of a company or joint venture are authorized, directed or participated in by the Company in any particular instance will be an uncertain exercise with uncertain results. In addition, allegations of illegal conduct by any company or joint venture in which the Company has a significant interest can only cause damage to the reputation of the Company. For this reason, you should assume that any action of any company and joint venture in which the Company has a significant interest, including the actions of the employees and agents of such other company and joint venture, will be attributable to the Company.

- (b) Prohibition. The laws and this policy prohibit offering or providing money or anything of value for the personal benefit of any "Public Official." For purposes of this policy, Public Official means (i) any government official or any official of a public international organization (such as the International Monetary Fund, regional development banks or other multilateral organizations) or (ii) any political party or its officials or any political candidate for the purpose of: influencing that official in the exercise of his or her duties (or non-exercise of those duties); having any such person influence government activity; or otherwise securing an improper advantage for the purpose of aiding the Company in obtaining, retaining or directing business.

The Laws and this policy may be violated if the Company knows, or if it should have been obvious to the Company, that the payments were made for an illegal purpose.

The Laws and this policy also apply to indirect payments, i.e., where the Company offers or provides money or anything of value to any person with the knowledge that the person will make a payment to a Public Official for such a prohibited purpose.

The Laws and this policy also prohibit the possession of property or proceeds from property known to have been obtained as a result of the bribery of a Public Official or to “launder” (i.e., deal with intent to conceal) property or proceeds from property obtained as a result of the bribery of a Public Official.

Government-owned corporations and other instrumentalities are generally treated as if they are governments, and their employees, officers and directors are treated as government officials.

(c) Facilitating Payments. “Facilitating payments” are payments made to expedite routine governmental action that does not involve obtaining, retaining or directing business. Examples include payments to (i) secure processing of papers such as visas, work orders and permits, (ii) induce customs officials to process legally transmitted goods, (iii) obtain police protection, (iv) obtain installation and maintenance of utility connections, and (v) induce minor government functionaries (government employees without discretionary authority over a project or transaction) to complete their jobs in the manner required and where the situation does not involve the securing of business. The policy of the Company is that no facilitating payments may be made to any Public Official, foreign or domestic.

(d) Exceptions to Prohibitions. There are three exceptions to the Laws and this policy:

- It is an affirmative defense if it can be shown that the payment was legal under the written laws and regulations of the country. As an example, in some foreign countries, the Company may be required by law to hire as an agent a national of that country who also is connected to the government of that country in some way or other.
- It also is an affirmative defense if it can be shown that the payment was a reimbursement of travel, lodging and other reasonable and bona fide expenses directly related to the business promotion, demonstration or explanation of the Company’s business, or the execution or performance of a contract with the government. As an example, payment of the travel expenses of a government official to visit one of our mines, as a part of an effort to promote the Company in that country, would fit into this category as would other government expenses or costs normally borne by a company engaging in business in that country.
- Unconditional gifts having nominal value, when made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local custom, generally will not be regarded as a bribe.

(e) Company Policy. The Company’s policy is firm and unconditional. Under no circumstances will the Company ever pay a bribe to a Public Official. If you are ever solicited for such a bribe, or if you become aware of any instance where any Company employee, officer, director, agent or representative of the Company or its subsidiaries or its joint ventures proposes to offer such a bribe or is otherwise involved in such illegal activity, you are to report the matter to your immediate superior, or directly to the CEO or CFO of the Company. Any employee,

officer, director, agent or representative who participates in any scheme to pay such an illegal bribe may be terminated immediately.

With respect to payments that fall within the exceptions noted above:

- No payment that would otherwise be an illegal bribe may be made on the basis that it is legal under the written laws and regulations of the foreign country without the prior written approval of the CEO.
- No payment that would otherwise be an illegal bribe may be made on the basis that it is a reimbursement of travel, lodging or other reasonable and bona fide expenses directly related to the business promotion, demonstration or explanation of the Company's business or the execution or performance of a contract with the government without the prior written approval of the CEO.
- With respect to unconditional gifts of nominal value made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local custom, the CEO may establish a monetary limit on the value of any such gift. Any gifts with a value in excess of that limit must be approved in advance by the CEO.

(f) Accounting Requirements. The Company and its affiliated companies and joint ventures must:

- Keep financial records which, in reasonable detail, accurately and fairly reflect transactions; and
- Maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management authorization, (ii) transactions are properly recorded as needed to permit preparation of financial statements and to maintain accountability for assets, (iii) all assets are recorded on the books of the Company and access to assets is only permitted in accordance with management authorization, and (iv) periodic auditing is done at reasonable intervals and action is taken to resolve discrepancies.

As an example, the accounting provisions require that the Company properly record all payments and prohibit their characterization in some other form. The accounting provisions also prohibit the Company from maintaining off-record cash "slush" funds or cash that may be accessed without senior management authorization.

(g) Things to Look For. The following is a list of "red flags" that may indicate the possible existence of corrupt practices:

- An agent with a poor reputation or with links to the government.
- Unusually large commission payments or commission payments where the agent does not appear to have provided significant services.
- Cash payments, or payments without paper trail or compliance with normal internal controls.
- Unusual bonuses to personnel for which there is little support.
- Payments to third country accounts.

(h) **Reporting Requirements.** In Canada, the Extractive Sector Transparency Measures Act (the “ESTMA”) requires the Company to publicly disclose, on an annual basis, specific payments made to:

- (1) any government in Canada or in a foreign state at a national, regional, state/provincial, or local/municipal level;
- (2) a body that is established by two or more governments; or
- (3) any trust, board, commission, corporation, body or authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of the government for a government referred to in (1) above, or a body referenced to in (2) above.

Payments that must be disclosed include payments to Crown Corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government. Aboriginal and indigenous groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the ESTMA. There are seven categories of reportable payments consisting of taxes, royalties, fees, production entitlements, bonuses, dividends and infrastructure improvement payments. All payments made by the Company and any entity controlled by the Company must be reported. The Company’s policy is firm and unconditional. All payments made to any governmental entity must be reported, and if you have any knowledge relating to unreported payments, you are to report the matter to your immediate superior, or directly to the CEO or CFO of the Company.

4. Corporate Opportunities and Duty of Loyalty

You have a duty of loyalty to the Company, which includes a duty to advance the Company’s legitimate interests when the opportunity to do so arises. Accordingly and unless agreed otherwise in writing between you and the Company, you may not use your position or the Company’s name, property, information or good will for personal gain or for the gain of others. You are further prohibited from taking advantage of an opportunity that is discovered through the use of any corporate property, information, contacts or your position with the Company. All such opportunities, actual or perceived, should be reported to your immediate supervisor.

Outside directors and consultants (including management consultants) of the Company may have a variety of other business relationships involving duties of loyalty. In addition, outside directors do not, as a general matter, have the same obligation as officers and employees to bring corporate opportunities to the Company. For these reasons, the Code does not apply to outside directors and consultants (including management consultants) of the Company with respect to issues involving duties of loyalty or corporate opportunities and such issues, to the extent they arise, are to be resolved directly with the Board of Directors.

5. Avoiding Conflicts of Interest

A conflict of interest occurs when your private interests, or the private interests of your family, interfere, or appear to interfere, in any way with the best interests of the Company. For these purposes, “family” would generally include your parents and grandparents, spouse, children and grandchildren, siblings, in-laws and other persons who share a residence with you or another member of your family. You must take care to avoid any direct or indirect involvement or understanding that might result in such a conflict or create the appearance of such a conflict. Whether a situation involves a conflict of interest depends on all of the circumstances. Generally, the Company would not consider it a conflict of interest if an employee’s brother or sister were an officer of a competitor. However, the Company would consider it a conflict of interest if a Company employee in charge of procurement were to purchase products or services from a company owned by the employee’s brother or sister or from a company owned by a close personal friend of the employee. The following are examples of conflict of interest situations which generally must be avoided or which may raise a question:

- Acting as an employee, officer or director of, or a consultant to, a direct competitor or potential direct competitor of the Company;
- Having a financial interest in or loan from a business which is a joint venture partner, optionor or optionee, competitor, customer or supplier of the Company or which otherwise does business with the Company (an investment in the securities of a publicly traded company normally would not be considered to present a conflict of interest unless it represented a material part of your savings);
- Placing of Company business with any other company that is directly or beneficially owned or controlled by you or by members of your family.

You must fully disclose to your supervisor, the CEO or the CFO all circumstances that could be perceived as involving a conflict of interest between the Company and you or members of your family. Full disclosure enables the Company to resolve unclear situations and to ethically handle conflicts of interest before any difficulty can arise. To the extent a conflict of interest cannot be avoided in a reasonable fashion, then appropriate procedures will be put in place to ensure that there is full disclosure and to minimize the involvement of the conflicted individuals in the relationship giving rise to the conflict.

Outside directors of the Company are not expected to devote their time and effort solely on behalf of the Company, and they may have a variety of other business relationships that could give rise to a conflict of interest. Any such potential conflicts of interest are not subject to the Code and are to be resolved directly through disclosure to the Board of Directors.

6. Giving or Accepting Gifts

The giving or accepting of gifts can adversely affect the Company’s reputation for fair dealing and also create conflicts of interest. You should avoid:

- Giving or offering to give any gift, favour, entertainment, reward, or any other thing of value that might influence or appear to influence the judgment or conduct of the recipient in the performance of his or her job. This includes transactions with government personnel, customers and suppliers. Such action may damage the Company’s reputation for fair dealing and may be illegal.

- Accepting or soliciting a gift, favour, or other thing of value that is intended to, or might appear to, influence your decision-making or professional conduct. In addition to damaging the Company's reputation for fair dealing, receipt of such gifts could interfere with your ability to make judgments solely in the best interest of the Company, and thus create the appearance of a conflict of interest.

You may give or receive unsolicited gifts or entertainment only in cases where the gifts or entertainment are of nominal value, are customary to the industry, will not violate any laws, and will not influence nor appear to influence the recipient's judgment or conduct.

7. Outside Activities

Outside activities must not directly conflict with the proper performance of your duties.

- (a) Other Business Activity. Full-time employees and officers are expected to devote substantial effort and attention to the furtherance of the Company's business.
- (b) Professional Associations and Charitable Organizations. The Company encourages employees and officers to participate in geological, engineering and other professional associations and activities that do not conflict with their duties for the Company and do not involve conflicts of interest. The Company also encourages officers and employees to participate in charitable organizations and activities. However, you should consider consulting with the CEO or CFO before you undertake any such outside activities requiring a substantial amount of time.
- (c) Political and Government Affairs. No Company contributions may be made, directly or indirectly, to any election or issue campaign in any jurisdiction or circumstance that would be unlawful. Corporate contributions may be made in appropriate cases where and when permitted by applicable law, but only with the approval of the CEO. Use of Company equipment, supplies or facilities to support any political party, candidate or campaign, as well as employee activity during normal business hours, may constitute a political contribution. You may not engage in any such activity where it involves Company equipment, supplies or facilities or activity during normal business hours without the prior approval of the CEO. In addition, no action which presents, or may appear to present, the position of the Company with respect to any political or governmental matter may be taken without the prior approval of the CEO.

The Company encourages employees and officers, as individuals, to take part in political and governmental affairs to the extent that such activity does not interfere with the proper performance of their duties or involve the use of Company assets or a conflict of interest. However, if you wish to run for public office or hold an appointed public position, you must confer with the CEO and counsel for the Company to ensure that the proposed activity is consistent with your duties to the Company and does not involve a conflict of interest.

The outside directors of the Company are not expected to devote their full time and effort solely on behalf of the Company and accordingly this policy does not apply to them.

8. Accounting and Recordkeeping, Internal Accounting Controls and Auditing Matters.

Many employees of the Company, not just accountants and controllers, participate in the financial control and reporting processes of the Company. If you have ANY responsibility for any aspect of the Company's financial activities (for example: processing or approval of payments; creation, processing or approval of invoices and credit memos; payroll and benefits decisions; approval of expense reports and other transactions; the estimation of financial reserves or other claims or the amount of any accrual of deferral; or the recording of any of the foregoing in the Company's records) and/or the preparation of the Company's financial statements or other financial reports, you must ensure your involvement complies with complete and accurate procedures as per established Company practice.

(a) **Accounting and Recordkeeping.** You may not maintain funds or assets for any improper purposes or make false or misleading statements in any Company documents, reports or records. No undisclosed or unrecorded accounts may be established using the Company's funds or other assets. All accounting records and the financial reports produced from those records must be kept and presented in accordance with applicable law, must accurately and fairly reflect in reasonable detail the Company's assets, liabilities, revenue and expenses and, where applicable, must be in accordance with generally accepted accounting principles.

Transactions must be supported by accurate and reasonably detailed documentation and recorded in the proper accounts. Best efforts are to be made to record transactions in the proper accounting time period. To the extent that estimates are necessary, they must be based on your good faith judgment and be supported by appropriate documentation. No payment or the related accounting entry may be approved or made with the intention or understanding that any part of the payment will be used for any purpose other than that described by the document supporting the entry or payment.

(b) **Internal Accounting Controls.** Internal accounting controls have been established to provide reasonable assurances that (i) transactions are executed in accordance with management authorization, (ii) transactions are properly recorded as needed to permit preparation of financial statements and to maintain accountability for assets, (iii) all assets are recorded on the books of the Company and access to assets is only permitted in accordance with management authorization, and (iv) periodic auditing is done at reasonable intervals and action is taken to resolve discrepancies. You must comply with all internal control requirements and ensure that no action is taken to avoid the internal controls requirements.

(c) **Auditing.** The Company employs a firm of independent chartered accountants to audit the Company's annual financial statements. The annual audit has a number of purposes, including (i) compliance with regulatory requirements, (ii) providing an independent assessment of whether the Company's financial statements fairly present the financial condition, results of operations and cash flow of the Company, (iii) assessment of the accounting principles used and significant estimates made by the Company in preparing its financial statements, and (iv) assessment of the Company's system of internal controls over financial reporting as required by applicable law and regulatory policies. Each employee is responsible for providing whatever assistance may be required by the auditors. If you receive inquiries from the Company's independent accountants, you must respond promptly, fully and accurately.

If you have any concerns as to weaknesses in the Company's accounting system or in the Company's internal controls; or if you believe that any instances of fraud or incorrect or questionable accounting practices may have occurred; or if you believe that any instances of

fraudulent, incorrect or questionable practices may have occurred in connection with the annual audit of the Company's financial statements, you should consult with your immediate supervisor or with the Company's CEO or CFO. Alternatively, you may contact the Audit Committee of the Board of Directors

9. Use of Company Property

You are entrusted with the care, management and cost-effective use of the Company's property and you are not to make use of these resources for your own personal benefit or for the personal benefit of anyone else. Passwords are to be kept confidential and use of the computer systems is limited to authorized business purposes, although occasional personal use of the internet, e-mail and voice mail will normally be permitted unless your supervisor believes that this privilege is being abused.

However, in order to protect the Company's interests - including for example, to ensure that the Company's computers and voice mail are not being used for improper purposes, such as harassment - the Company reserves the right to review the contents of the Company's computers, its e-mail system, and its voice mail system. **No employee has a right of personal privacy with respect to information that is placed in the Company's computers, the e-mail system, or the voice mail system and you should, if you wish privacy, access your own electronic and other systems for storage of such information or for personal or private communications.**

You are responsible to ensure that all Company property assigned to you is maintained in good condition, and you should be able to account for such equipment. Any disposition of Company property should be for the benefit of the Company and not for personal benefit.

10. Proprietary Information

We want our employees to be well informed about our business, our plans for the future, and the successes and challenges we have along the way. In return for this openness, the Company places trust in its employees to maintain the confidentiality of our proprietary information without need for court orders or other legal requirement.

You are to take all reasonable measures to protect the confidentiality of proprietary information obtained or created by you, or otherwise made known to you, in connection with your activities on behalf of the Company. In addition, you must use proprietary information only for the Company's legitimate business purposes, and not for your personal benefit or the benefit of anyone else.

To provide the Company with reasonable protection against unauthorized disclosure or unauthorized use of its proprietary information, all employees are required to sign an employment agreement prior to their start with the Company that includes provisions addressing confidentiality. These agreements state in part that the Company retains exclusive ownership of all project information and opportunities arising out of employment or consulting relationships and any information pertaining to the exploration plans of the Company.

For these purposes, "proprietary information" means information developed or secured for use of the Company in its business, where that information is not generally known to or otherwise readily available to the public and members of our industry. Proprietary information includes, without limitation: results of geological and engineering reports or consultations, results of mineral exploration activities, test results from recovery or other testing including the testing of pilot plants, results of commercial production or projections regarding commercial production, personnel lists, ideas, discoveries, contact information for persons involved in any capacity with the Company, information concerning actual or

projected expenditures or budgets including development and production expenditures or budgets, exploration or development of projects, corporate transactions, operating results, investor lists, relationships with government and non-governmental entities including competitors and any other information normally considered proprietary in the mining industry or for a Canadian publicly traded company.

It is your responsibility to know what information is proprietary and to ensure that you use and disclose it only in the performance of your duties with the Company. If you are unsure, consider the information to be confidential until you obtain clarification.

If your employment terminates, you will continue to be bound to your obligations of confidentiality to the maximum extent permitted by law.

Any work product, intellectual property, design, copyright materials, patentable innovations or similar things which you develop for the Company in the course of your work with it is the property of the Company and will, upon termination of your employment and throughout your employment, remain the property of the Company.

11. Disclosure Policy

The Company has both legal and ethical obligations to provide appropriate disclosure of material information, and to ensure that employees and others do not benefit from having and using undisclosed material information. “Material information” is any information that reasonably could be expected to affect the market for the Company’s stock or to influence an investor’s decision to buy, sell or hold the stock. The wrongful use of undisclosed material information may make both the Company and the individual involved liable for criminal and/or civil penalties and damage awards.

(a) **Control of Confidential Information.** All employees have the responsibility to inform senior management on a timely basis of events or developments that might have a material effect on the Company. Such information should be communicated to your superior or to members of senior management.

Strict confidentiality must be maintained with regard to disclosure of confidential information to persons within the Company who have no need to know, and to anyone outside of the Company. Care must be taken when handling confidential correspondence, assay results, reports, documents, memos and facsimiles. Discussions by Company personnel concerning Company business should be confined to Company personnel only and on a “need to know” basis, and should never occur in public places such as elevators or airplanes.

(b) **Public Disclosure Responsibilities.** The Company has a variety of disclosure obligations under laws and stock exchange rules. The Company fulfills those obligations through regulatory filings, periodic reports to shareholders, press releases, and web site disclosure. The Company also provides information to shareholders and others through communications with the media, analysts and others in the financial community, by way of industry presentations, and in response to inquiries. In carrying out the Company’s disclosure responsibilities:

- The CEO, the CFO, and other members of senior management, as appropriate, have the sole responsibility to determine (i) whether a particular matter is sufficiently material to the Company to require disclosure, and (ii) the content, time and manner of disclosure.
- Company Spokespersons have the exclusive authority to speak for the Company with respect to matters of public disclosure. The Company Spokespersons consist of the CEO and any other persons who are authorized by the CEO, generally or in a specific instance, to speak for the Company.

- It is the responsibility of the Company to ensure that undisclosed material information is disseminated in such a way that all members of the public have equal access to the information. Substantial security holders and analysts in particular MUST NOT receive preferential treatment in the matter of information disclosure. For example, previously undisclosed material information is not to be disseminated by way of communications with analysts, in earnings telephone conferences, or in industry conference presentations. If material undisclosed information is to be communicated through such means, it must first be communicated to the public generally by way of a press release or regulatory filing such as a material change report. Persons given early access to undisclosed material information may not use that information to trade in the Company's securities, and they, the Company and the individual who causes the early disclosure may be liable for civil and criminal penalties and damage awards if there is trading on undisclosed material information.

(c) External Communications and Inquiries from Analysts, Media and Other Outsiders. Communications intended for dissemination outside of the Company and concerning the Company's business must be referred to the CEO or to one of the designated Company Spokespersons prior to dissemination. This includes presentations to analysts and papers or presentations to professional groups and others.

All inquiries from the press, securities analysts, investors and other outsiders concerning the Company's business and affairs must be referred to one of the designated Company Spokespersons. This will ensure that information is disclosed consistently and equitably. Unless specifically authorized, no one is authorized to respond to such inquiries.

(d) Comments on and Dissemination of Analysts' Reports and Other Media Stories. From time to time, the Company may be asked to review or comment on analysts' reports or other media stories about the Company. No employee, officer or director is to review or comment on analysts' reports or media stories except an authorized Company Spokesperson, and any such inquiry should be forwarded to such an authorized person without any comments. If a Company Spokesperson does review such a report or story, the Company Spokesperson should review the report or story ONLY for factual information and limit his/her comments to discussion or correction of facts. Furthermore, no undisclosed material information is to be communicated in the course of such a review and comment. If factual correction would result in the disclosure of undisclosed material information, the Company Spokesperson must take the necessary steps to ensure that such information is communicated to the public generally before it is communicated to the particular analyst or other person making the inquiry.

Employees, officers or directors of the Company may be asked to forward or recommend analysts' reports or may consider forwarding analysts' reports or media stories about the Company. The forwarding or recommending of such reports or stories may be regarded as verifying or validating the information contained in the reports or stories. If any of the information in the report or story is not accurate, the act of forwarding or recommending the report or story may constitute the dissemination of false or misleading information in violation of securities laws. In addition, if any of the information in the report or story is accurate but has not been generally disseminated by the Company, the forwarding or recommending of the report or story may constitute selective disclosure in violation of securities laws. Finally, copying and dissemination of analysts' reports and media stories may violate copyright laws or the proprietary rights of the authors of the reports or stories. For these reasons, no employee, officer or director should reproduce and distribute or otherwise disseminate such reports and stories unless specifically approved by the CEO. Persons requesting such materials should be referred to the author or organization that published the material. In addition, employees, officers and directors should not recommend particular analysts' reports on the Company to any person.

(e) Comments on Rumours and Correction of Selective Disclosure. Employees, officers and directors must not comment, whether positively or negatively, on rumours about the Company's business. Information about such rumours should be reported to the Company Spokespersons. In general, the Company's policy is not to comment on rumours. If a stock exchange or securities regulatory authority requests the Company to make a definitive statement in response to rumours, a Company Spokesperson will consider the matter in consultation with legal counsel.

If any employee, officer or director makes an unauthorized or premature disclosure of undisclosed material information (inadvertently or otherwise), the person responsible for the disclosure, and any other employee, officer or director learning of it, must contact the CEO or other Company Spokesperson as soon as possible, and the CEO and other Company Spokespersons will consider the Company's responsibilities under applicable law.

The governance of the Company's communications which constitute "investor relations" activities is dealt with separately in the Company's Code of Conduct for Investor Relations Activities.

12. Securities Transactions

(a) Restrictions on Trading. In general, employees, officers and directors, and their family members, may trade in Company securities unless:

- A Blackout Period (see below) is in place, or
- The person has knowledge of undisclosed material information.

If a Blackout Period exists, or if you have knowledge of undisclosed material information, neither you nor your family members may trade in Company securities. This prohibition includes the exercise of any stock options, warrants or other convertible securities during the existence of the Blackout Period. For purposes of this policy, "family member" means your spouse, your minor children, any person substantially dependent on you for support, and other persons who share a residence with you.

In addition, while you are in possession of undisclosed material information, you and your family members must not trade in the securities of companies that have a significant legal or financial business relationship, direct or indirect, with the Company (generally joint venture partners) if the undisclosed material information relates to the subject matter of that business relationship.

(b) Blackout Period. From time to time, the CEO or other Company Spokesperson may institute a Blackout Period because of the existence of undisclosed material information. If a Blackout Period is instituted, you will be notified, generally by e-mail. Once notified of the existence of a Blackout Period, except as noted above, you and your family members may not trade in the Company's securities until you have been notified that the Blackout Period has been terminated. The existence of a Blackout Period is itself an item of confidential information that is not to be disclosed to persons outside of the Company.

(c) Short Sales. No employee, officer or director shall engage in short sales of securities of the Company or sales of borrowed securities of the Company.

13. Administration and Violations

The Company's Board of Directors has established the standards of business ethics and conduct contained in this Code, and it is their responsibility to oversee compliance with the Code. Any change in

or waiver of any provision of the Code shall require approval of the Audit Committee or the Compensation Committee, as applicable, and shall be publicly disclosed in the time period and manner as required by law or regulation.

APPENDIX 4



Surge Battery Metals Inc.

Audit Committee Charter ("Charter")

1. Purpose and Authority

The Audit Committee ("**Committee**") is a committee of the Board of Directors (the "**Board**"). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to accounting and financial reporting processes, the financial integrity of the financial statements of Surge Battery Metals Inc. (the "**Company**"), compliance with legal and regulatory requirements, the overall adequacy and maintenance of the systems of internal controls that management have established and the overall responsibility for the Company's external and internal audit processes including the external auditors qualifications, independence and performance.

The Committee shall have the authority and funding to retain independent legal, accounting and other consultants to advise the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisers employed by the Committee and to the independent auditor employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or attest services and ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities, the Committee shall maintain an open communication between the Company's external auditor and the Board.

The responsibilities of a member of the Committee shall be in addition to such member's duties as a member of the Board.

The Committee has the duty to determine whether the Company's financial disclosures are complete, accurate, are in accordance with generally accepted accounting principles and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company's own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

2. Membership and Composition

The Committee shall consist of at least three Directors who shall serve on behalf of the Board, of which at least two members shall be independent. The members shall be appointed annually by the Board and shall meet the independence, financial literacy and experience requirements of the applicable stock exchanges, National Instrument 52-110, and other regulatory agencies as required.

Financial literacy requires that all members of the Committee shall have the ability to read and understand a set of financial statements that present the 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 Company's financial statements. At least one member of the Committee shall be able to analyze and interpret a full set of financial statements, including the notes attached, in accordance with Canadian generally accepted accounting principles and at least one member of the Committee shall qualify and be designated as the Audit Committee Financial Expert as determined in the judgment of the Board with reference to applicable law and stock exchange rules.

A majority of Members will constitute a quorum for a meeting of the Committee.

The Board will appoint one Member to act as the Chair of the Committee. In his or her absence, the Committee may appoint another person provided a quorum is present. The Chair will appoint a Secretary of the meeting, who need not be a member of the committee and who will maintain the minutes of the meeting.

3. Meetings

At the request of the external auditor, the Chair of the Board, the Chief Executive Officer or the Chief Financial Officer of the Company or any member of the Committee, the Chair will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chair, with the assistance of the Chief Financial Officer, will ensure that the agenda and meeting materials are distributed in a timely manner.

The Committee shall meet regularly and at least on a quarterly basis.

4. Duties and Responsibilities

The Committee shall take charge of all responsibilities imparted on an audit committee of the Company, as they may apply from time to time, under the Canada Business Corporations Act, National Instrument 52-110, and stock exchange rules. The duties and responsibilities of the Committee include the following:

4.1 Financial Reporting and Disclosure

- a. Review and discuss with management and the external auditor at the completion of the annual examination:
 - i. the Company's audited financial statements and related notes;
 - ii. the external auditor's audit of the financial statements and their report;
 - iii. any significant changes required in the external auditor's audit plan;
 - iv. any serious difficulties or disputes with management encountered during the course of the audit; and
 - v. other matters related to the conduct of the audit, which are to be communicated to the Committee under International Financial Reporting Standards.
- b. Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company's quarterly financial statements.
- c. Review, discuss with management the annual reports, the quarterly reports, the Management Discussion and Analysis ("MD&A"), Annual Information Form, prospectus, financial press releases and other disclosures and, if thought advisable, recommend the acceptance of such documents to the Board for approval.
- d. Review and discuss with management any guidance being provided to shareholders on the expected future results and financial performance of the Company and provide their recommendations on such documents to the Board.
- e. Inquire of the auditors the quality and acceptability of the Company's accounting principles, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
- f. Review the Company's compliance with any policies and reports received from regulators. Discuss with management and the independent auditor the effect on the Company's financial statements of significant regulatory initiatives.
- g. Meet with the external auditor and management in separate executive sessions, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Audit Committee.
- h. Ensure that management has the proper system and procedures are in place so that the Company's financial statements, financial reports and other financial information including all Company disclosure of financial information extracted or derived from the Company's financial statements, and that they satisfy all legal and regulatory requirements. The Audit Committee shall periodically assess the adequacy of such procedures.
- i. Review with the Company's counsel, management and the independent auditors any legal or regulatory matter, including reports or correspondence, which could have a material impact on the Company's financial statements or compliance policies.

- j. Based on discussions with the independent auditor concerning the audit, the financial statement review and such other matters as the Committee deems appropriate, recommend to the Board the filing of the audited annual and unaudited quarterly financial statements and MD&A on SEDAR.

4.2 External Auditor

- a. Be responsible for the recommendation to the Board and the shareholders for the appointment of the Company's independent auditor and for the compensation, retention and oversight of the work of the independent auditor employed by the Company. The independent auditor shall report directly to the Committee. The Audit Committee shall be responsible to resolve any disagreements between management and the auditors regarding financial reporting.
- b. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
- c. Approve the external auditor to be nominated, the cost of their services and review the performance of the auditor.
- d. Confirm with the external auditor and receive written confirmation at least once per year as to the external auditor's internal processes and quality control and disclosure of any investigations or government enquiries, reviews or investigations of the external auditor.
- e. Take reasonable steps to confirm at least annually the independence of the external auditor, which shall include:
 - i. ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with International Financial Reporting Standards, and determine that they satisfy the requirements of all applicable securities legislation,
 - ii. considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor, and
 - iii. approve in advance any audit or permissible non-audit related services provided by the auditor to the Company with a view to ensuring independence of the auditor, and in accordance with any applicable regulatory requirements, including the requirements of all applicable securities regulations with respect to approval of non-audit related serviced performed by the auditor.

4.3 Internal Controls and Audit

- a. Review and assess the adequacy and effectiveness of the Company's systems of internal and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- b. Assess the requirement for the appointment of an internal auditor for the Company.
- c. Inquire of management and the external auditor about the systems of internal controls that management and the Board of Directors have established and the effectiveness of those systems. In addition, inquire of management and the external auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.
- d. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process required under applicable securities regulations. Review any significant deficiencies in the design and operation of disclosure controls and procedures and any fraud involving management or other employees who have a significant role in the Company's internal controls.

4.4 General

- a. Conduct an ongoing review of any transaction now in effect, and review and approve in advance any proposed transaction, that could be within the scope of "related party transactions" as such term is defined in the applicable securities regulations and establish appropriate procedures to receive material information about and prior notice of any such transaction.
- b. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- c. The Committee shall have the power to conduct or authorize investigations into any matter within the scope of this Charter. It may request any officer or employee of the Company, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) of the Committee.
- d. Review the qualifications of the accounting and financial personnel.
- e. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

4.5 Oversight Function

While the Committee has the responsibilities and powers set out in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with the International Financial Reporting Standards (IFRS) and applicable rules and regulations. These are the responsibilities of management and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

5. Chair of the Committee

The Chair of the Committee:

- a. provides leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- b. chairs meetings of the Committee, unless not present, and reports to the Board of Directors following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- c. ensures that the Committee meets on a regular basis and at least quarterly;
- d. in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of the Committee;
- e. establishes the agenda for each meeting of the Committee, with input from other Committee members, the Chair of the Board, and any other parties as applicable;
- f. acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and co-ordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
- g. reports annually to the Board on the role of the Committee and the effectiveness of the Committee role in contributing to the objectives and responsibilities of the Board as a whole;
- h. ensures that the members of the Committee understand and discharge their duties and obligations;
- i. fosters ethical and responsible decision making by the Committee and its individual members;
- j. together with the Corporate Governance and Nominating Committee, oversees the structure, composition, membership and activities delegated to the Committee from time to time;
- k. ensures that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approves work to be done for the Committee by consultants;

- l. facilitates effective communication between members of the Committee and management;
- m. performs such other duties and responsibilities as may be delegated to the Chair by the Board of Directors from time to time.

The Charter will be reviewed annually to reassess its adequacy and any recommended changes will be submitted to the Board for approval.