

MINDORO RESOURCES LIMITED

AUDIT COMMITTEE CHARTER

Purpose

The Committee serves as the representative of the Board for the general oversight of the Company's affairs relating to: (a) the internal controls and management information systems of the Company; the quality and integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the auditor's qualifications and independence; and the performance of the Company's internal audit function and auditors; (b) through its activities, the Committee facilitates open communication among directors, auditors and management by meeting in private sessions regularly with these parties; and (c) the Committee also provides oversight regarding significant financial matters, including borrowing, currency exposure, dividends, share issuance and repurchases, and the financial aspects of the Company's benefit plans.

Committee Membership

The Audit Committee of the Board of Directors shall consist of at least three directors. Each member of the Audit Committee shall meet the standards stipulated in Multilateral Instrument 52-110 - *Audit Committees*, adopted by the Canadian Securities Administrators and all other applicable regulatory authorities. The Audit Committee shall report to the Board. A majority of the members of the Committee shall constitute a quorum. The members of the Audit Committee shall be appointed and replaced by the Board.

Meetings and Procedures

The Audit Committee shall convene at least four times a year during which it shall endeavour to determine that auditing procedures and controls are adequate to safeguard Company assets and assess compliance with Company policies and legal requirements.

Responsibilities

The Audit Committee shall:

- (a) have the sole authority to oversee and evaluate the auditor and, to recommend to the Board, the selection, compensation, and, where appropriate, replacement of the auditor. ;
- (b) annually review the management arrangements for the Company; annually review and approve the proposed scope of each fiscal year's internal and external audit at the beginning of each new fiscal year;
- (c) review and approve any audit and non-audit services and fees to be provided by the Company's auditor;
- (d) at, or shortly after the end of each fiscal year, review with the auditor and management, the audited financial statements and related opinion and costs of the audit of that year;



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- (e) review funding and investment policies, implementation of funding policies and investment performance of the Company's benefit plans;
- (f) provide any recommendations, certifications and reports that may be required by the TSX Venture Exchange or, any other stock exchange where Mindoro may be listed or, other applicable regulatory authorities;
- (g) review and discuss the annual audited financial statements and quarterly financial statements with management and the auditor; and
- (h) have the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a Committee of the Board, for payment of compensation to any advisers employed by the Audit Committee and to the auditor employed by the Company for the purpose of rendering or issuing an audit report; discuss with management and the auditor the Company's policies with respect to risk assessment and risk management; meet separately, periodically, with management and the auditor; in consultation with the auditor and management, review the integrity of the Company's financial reporting process; review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; review with the auditor:

- (a) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management, and
- (b) management's responses to such matters; review and discuss with the auditor the responsibility, budget and staffing of the Company's internal audit function; report regularly to the Board. Such report to the Board may take the form of an oral report by the Chairman or any other member of the Audit Committee designated by the Audit Committee to make such report; and perform a review and evaluation, at least annually, of the performance of the Audit Committee.

In addition, the Audit Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Audit Committee considers necessary or valuable. The Audit Committee shall conduct such evaluations and reviews in such manner as it deems appropriate