



**NORTH AMERICAN TUNGSTEN CORPORATION LTD.**  
(the "Company")

**AUDIT COMMITTEE CHARTER**

**PURPOSE OF THE COMMITTEE**

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of the Company is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the design process of internal control systems and the remediation of deficiencies in internal controls;
- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company's by-laws and governing laws as the Committee or Board deems necessary.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion. The members of the Committee shall elect a Chairperson who shall be a member of the Committee who is experienced in financial matters and is not an officer or employee of the Company nor an affiliate of the Company. A majority of the members of the Committee and, if possible, all of the members of the Committee, must not be officers or employees of the Company nor of an affiliate of the Company. Twenty-four (24) hours advance notice of a meeting given orally, by telephone, or in writing delivered by facsimile or electronic mail will be given to each Member unless all Members are present and waive notice, and if those absent waive notice in writing. The quorum for a meeting of the Committee is a majority of the members. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures. Decisions of the Committee will be by an affirmative vote of the majority. Powers of the Committee may also be exercised by resolution in writing signed by all the members of the committee.

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards ("IFRS") or prior to the application of IFRS, Canadian Generally Accepted Accounting Principles ("GAAP"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with applicable accounting standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with applicable accounting standards.

The Committee is responsible for recommending to the Board the auditor to be appointed for auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the

Company, and for reviewing and recommending the compensation of the auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the auditor. The auditor will report directly to the Committee.

## **AUTHORITY AND RESPONSIBILITIES**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend to the Board any proposed changes.
2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting principles and standards and significant changes in such principles or standards or in their application. These changes include key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the auditor without the presence of management.
8. At each meeting, consult with the auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
9. Review with management and the auditor significant related party transactions and potential conflicts of interest.
10. Pre-approve all non-audit services to be provided to the Company by the auditor.
11. Monitor the independence of the auditor by reviewing all relationships between the auditor and the Company and all non-audit work performed for the Company by the auditor.
12. Establish and review the Company's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
13. Review requests by Directors to engage the services of outside advisors at the Company's expense and if appropriate, approve in advance the engagement of such advisors on such terms as the Committee may approve;

14. Review requests by Management to engage the services of independent directors and approve the engagement of such independent directors and compensation terms;
15. Conduct or authorize investigations into any matters that the Committee believes are within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
16. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Canada Business Corporations Act* (CBCA) and the by-laws of the Company.