

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (the “Committee”) is appointed annually by the Board of Directors (the “Board”) of the Corporation to provide assistance to the Board in fulfilling its oversight responsibilities relating to:

- the quality and integrity of the Corporation’s financial statements;
- the Corporation’s compliance with legal and regulatory requirements;
- the qualifications and independence of the independent registered public accounting firm (the “Independent Auditors”);
- the oversight and performance of the Corporation’s internal audit function and the Independent Auditors; and
- any additional matters delegated to the Committee by the Board.

As further described in this Charter, the Committee’s primary duties and responsibilities relate to:

- maintenance by management of the reliability and integrity of the accounting policies and financial reporting and financial disclosure practices of the Corporation;
- establishment and maintenance by management of processes to assure that an adequate system of internal controls is functioning within the Corporation; and
- retention and termination of the Independent Auditors.

MEMBERS

The Committee shall be comprised of at least three (3) directors selected by the Board on the recommendation of the Compensation and Governance Committee.

No director who is an officer or employee of the Corporation (or any related entity of the Corporation) may be a member of the Committee. A majority of the members of the Committee will be “independent directors” (“Independent Directors”) as defined in National Instrument 52-110 – *Audit Committees*, as amended from time to time (“NI 52-110”). In addition, every member of the Committee will be “financially literate” as defined in NI 52-110.

No member of the Committee shall simultaneously serve on the audit committees of more than three (3) public companies, including the Corporation’s, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

No member of the Committee shall receive any compensation from the Corporation other than the approved Director’s fees, as paid in cash, stock, options, or other compensation or benefits available to all Directors. No member of the Committee, and no member’s firm, may receive any direct or indirect compensation from the Corporation for services as a consultant or legal or financial advisor.

Committee Chair

The Board will designate a Committee Chairperson (the “Chair”) who shall have authority to act in certain circumstances on behalf of the Committee between meetings. If, in any year, the Board does not appoint a Chair of the Committee, the incumbent Chair of the Committee will continue in office until a successor is appointed.

Among other responsibilities, the Chair should:

- provide leadership to the Committee and oversee the functioning of the Committee;
- set the agenda for each meeting of the Committee with input from other members of the Committee, the Chair of the Board and any other appropriate individuals;
- act as a liaison, and maintain communication, with the Chair of the Board and the Board to coordinate input from the Board and to optimize the effectiveness of the Committee;
- ensure appropriate information is provided to the Committee by the officers and senior management of the Corporation to enable the Committee to function effectively and comply with this mandate;
- ensure that appropriate resources and expertise are available to the Committee; and
- perform such other duties as may be delegated to the Chair by the Committee or the Board from time to time.

DUTIES

The Committee is responsible for performing the duties set out below as well as any other duties that are otherwise required by law or delegated to the Committee by the Board.

Appointment and Review of the Independent Auditor

The independent auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Corporation’s relationship with the independent auditor. Specifically, the Committee will:

- select, evaluate and nominate the independent auditor to be proposed for appointment or reappointment, as the case may be, by the shareholders;
- review and approve the independent auditor’s engagement letter;
- review the independence, experience, qualifications and performance of the independent auditor, including the engagement and lead partners, in recommending its appointment or reappointment, including considering whether the independent auditor’s provision of any permitted non-audit services is compatible with maintaining its independence;
- resolve any disagreements between senior management and the independent auditor regarding financial reporting;
- at least annually, obtain and review a report by the independent auditor describing:
 - the independent auditor’s internal quality-control procedures, including with regard to

safeguarding confidential information;

- any material issues raised by the most recent internal quality control review, or peer review, of the independent auditor, or review by any independent auditor oversight body, such as the Canadian Public Accountability Board, or governmental or professional authorities within the preceding five years respecting one or more independent auditor audits carried out by the independent auditor, and the steps taken to deal with any issues raised in any such review; and
- where appropriate, terminate the independent auditor.

Confirmation of the Independent Auditor's Independence

At least annually, and before the independent auditor issues its report on the annual financial statements, the Committee will:

- review a formal written statement from the independent auditor describing all of its relationships with the Corporation;
- discuss with the independent auditor any relationships or services that may affect its objectivity and independence;
- obtain written confirmation from the independent auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants or Certified Public Accountants to which it belongs and is an independent auditor public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants; and
- confirm that the independent auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

Pre-Approval of Non-Audit Services

The Committee will pre-approve the appointment of the independent auditor for any non-audit service to be provided to the Corporation. Before the appointment of the independent auditor for any non-audit service, the Committee will consider the compatibility of the service with the independent auditor's independence. The Committee may pre-approve the appointment of the independent auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the independent auditor for non-audit services. Such policies and procedures will be detailed as to the particular service, and the Committee must be informed of each service, and the procedures may not include delegation of the Committee's responsibilities to management. In addition, the Committee may delegate to one or more members the authority to pre-approve the appointment of the independent auditor for any non-audit service to the extent permitted by applicable law provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Committee at its next scheduled meeting.

Communications with the Independent Auditor

The Committee has the authority to communicate directly with the independent auditor and will meet privately with the independent auditor periodically to discuss any items of concern to the Committee or the independent auditor, such as:

- the scope, planning and staffing of the audit;
- the independent auditor's materiality threshold for the audit;
- the assessment by the independent auditor of significant audit risk;
- any material written communications between the independent auditor and senior management, such as any management letter or schedule of unadjusted differences;
- whether or not the independent auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;
- the extent to which the independent auditor is satisfied with the nature and scope of its examination;
- whether or not the independent auditor has received the full co-operation of senior management and other employees of the Corporation;
- the independent auditor's opinion of the competence and performance of the Chief Financial Officer and other key financial personnel;
- the items required to be communicated to the Committee under Canadian authoritative guidance;
- critical accounting policies and practices to be used by the Corporation;
- alternative treatments of financial information within generally accepted accounting principles that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
- any difficulties encountered in the course of the audit work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with senior management and their response; and
- any illegal act that may have occurred and the discovery of which is required to be disclosed to the Committee.

Review of the Audit Plan

The Committee will discuss with the independent auditor the nature of an audit and the responsibility assumed by the independent auditor when conducting an audit under generally accepted auditing standards. The Committee will review a summary of the independent auditor's audit plan for each audit.

Review of Audit Fees

The Committee will determine the independent auditor's fee and the terms of the independent auditor's engagement. In determining the independent auditor's fee, the Committee should consider, among other things, the number and nature of reports to be issued by the independent auditor, the quality of the internal controls of the Corporation, the size, complexity and financial condition of the Corporation and the extent of support to be provided to the independent auditor by the Corporation.

Review of Financial Statements

The Committee will review and discuss with senior management and the independent auditor the annual audited financial statements, together with the independent auditor's report thereon, and the interim financial statements, before recommending them for approval by the Board. The Committee will also review and discuss with senior management and the independent auditor management's discussion and analysis relating to the annual audited financial statements and interim financial statements. The Committee will also engage the independent auditor to review the interim financial statements prior to the Committee's review of such financial statements.

Before recommending any financial statements to the Board for approval, the Committee will satisfy itself that such financial statements, together with the other financial information included in the Corporation's annual and interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the relevant date and for the relevant periods.

In conducting its review of the financial statements and related management's discussion and analysis, the Committee will:

- consider the quality of, and not just the acceptability of, the accounting principles, the reasonableness of senior management's judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- discuss any analyses prepared by senior management or the independent auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of any alternative treatments of financial information that have been discussed with management and the ramification of their use and the independent auditor's preferred treatment;
- discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- consider any changes in accounting practices or policies and their impact on financial statements of the Corporation;
- discuss with senior management, the independent auditor and, if necessary, legal counsel, a report from senior management describing any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- discuss with senior management and the independent auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies;
- discuss with the independent auditor any special audit steps taken in light of material weaknesses in internal control;
- review the results of the audit, including any reservations or qualifications in the independent auditor's opinion;

- discuss with the independent auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the independent auditor but were “waived” (as immaterial or otherwise), and significant disagreements with senior management;
- discuss with the independent auditor any issues on which the Corporation’s audit team consulted the independent auditor’s national office; and
- consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.

Review of Other Financial Information

The Committee will review:

- all earnings press releases and other press releases containing financial information, as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee will also review the use of “pro forma” or “adjusted” non-GAAP information in such press releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;
- all other financial statements of the Corporation that require approval by the Board before they are released to the public;
- the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation’s financial statements; and
- disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of the Corporation’s internal control over financial reporting which are reasonably likely to adversely affect the Corporation’s ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in the Corporation’s internal control over financial reporting.

Oversight of Internal Controls and Disclosure Controls

The Committee will review with senior management the adequacy of the internal controls and procedures that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. The Committee will review any special audit steps adopted in light of material control deficiencies. The Committee will review with senior management the controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

Employees of the Independent Auditor

The Committee will pre-approve the hiring by the Corporation of any partners or employees or former

partners or employees of the independent auditor.

Complaints Procedure

The Committee will review the procedures established by the Board for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and for the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

Reporting

The Committee will regularly report to the Board on:

- the independent auditor's independence;
- the performance of the independent auditor and the Committee's recommendations regarding its reappointment or termination;
- the adequacy of the Corporation's internal controls and disclosure controls;
- its recommendations regarding the annual and interim financial statements of the Corporation, including any issues with respect to the quality or integrity of the financial statements;
- its review of the annual and interim management's discussion and analysis;
- the quarterly management's discussion and analysis, press release and other financial disclosure related thereto that is required to be reviewed by the Committee;
- the Corporation's compliance with legal and regulatory requirements related to financial reporting;
- the Corporation's risk assessment and management policies and practices; and
- all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

MEETINGS

Subject to the Corporation's by-laws and articles and regulatory requirements:

Scheduling

The Committee will meet at least four (4) times annually, or more frequently as it determines is necessary, to fulfill its responsibilities. A meeting of the Committee may be called by the Chair of the Committee, the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, any Committee member or the Corporation's independent auditor. Meetings will be held in person or telephonically as agreed by all Committee members.

Notice

Notice of the time and place of each meeting will be given to each member either by telephone or other

electronic means not less than 48 hours before the time of the meeting. Meetings may be held at any time without notice if all of the members have waived or are deemed to have waived notice of the meeting. A member participating in a meeting will be deemed to have waived notice of the meeting.

Agenda

The Chair of the Committee will preside as Chair of each meeting and will establish the agenda for each meeting and lead discussion on meeting agenda items. The Chair shall instruct management to circulate properly prepared agenda materials to Committee members with sufficient time to review prior to scheduled meetings. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

Distribution of Information

The Chair of the Committee will distribute, or cause the Corporate Secretary to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

Attendance and Participation

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

Quorum

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

Voting and Approval

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chair of the Committee will not have a second or casting vote in addition to his or her original vote.

Procedures

Procedures for Committee meetings will be determined by the Chair of the Committee unless otherwise determined by the by-laws of the Corporation or a resolution of the Committee or the Board.

Transaction of Business

The powers of the Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee.

Absence of Chair

In the absence of the Chair of the Committee at a meeting of the Committee, the members in attendance

must select one of them to act as chair of that meeting.

Secretary

Subject to the Committee requesting otherwise, the Corporate Secretary, or his or her designee, shall act as secretary at all Committee meetings.

Minutes of Meetings

A person designated by the Chair of the Committee at each meeting will keep minutes of the proceedings of the Committee and the Chair will cause the Corporate Secretary to circulate copies of the minutes to each member on a timely basis.

REMOVAL AND VACANCIES

Any member may be removed and replaced at any time by the Board with or without cause and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out in this charter. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

ASSESSMENT

At least annually, the Compensation and Governance Committee will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

REVIEW AND DISCLOSURE

The Committee shall discuss and reassess, at least annually, the adequacy of this Charter. To the extent believed appropriate by the Committee, the Committee shall make recommendations to the Board to update or otherwise modify this Charter. The Committee shall also perform a review and evaluation, at least annually, of the performance of the Committee and its members, including compliance with this Charter. The Committee shall conduct this evaluation in such manner as it deems appropriate.

ACCESS TO OUTSIDE ADVISORS AND RECORDS

The Committee may retain any outside advisor at the expense of the Corporation at any time and has the authority to determine any such advisor's fees and other retention terms.

The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation which it deems relevant to the performance of its duties.

DISCLOSURE OF CHARTER

This Charter shall be made available on the Corporation's website at www.indusholdingsinc.com.