

CHARTER OF THE AUDIT COMMITTEE

The term “**Company**” refers to Lantic Inc., the term “**Board**” refers to the board of directors of the Company.

PURPOSE

The Audit Committee (the “**Committee**”) is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to the Company’s financial reporting including responsibility to:

- oversee the integrity of the Company’s financial statements and financial reporting process, including the audit process and the Company’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the Company’s external auditors who shall report directly to the Committee;
- oversee the work of the Company’s financial management and external auditors in these areas;
- provide an open avenue of communication between the external auditors and the Board;
- recommend to the Board the external auditors to be nominated and review and approve the compensation of the external auditors;
- pre-approve all non-audit services to be provided to the Company;
- oversee the work of the external auditors, including the resolution of any disagreement between management of the Company (“**Management**”) and the external auditors; and
- be satisfied that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements and periodically assess the adequacy of such procedures.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

COMPOSITION AND PROCEDURES

In addition to the procedures and powers set out in any resolution of the Board, the Committee will have the following composition and procedures:

1. Composition

The Committee shall be composed of three Directors of the Corporation, of which two shall be independent of Management, and are free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgement as a Committee member.

Unless the Board shall have appointed a Chair of the Committee, the members of the Committee shall elect a Chair from amongst the members.

The Chief Financial Officer, the Vice-President, Finance and Secretary or any other individual performing similar functions (“**CFO**”) of the Company shall be the Secretary of the Committee, unless otherwise determined by the Committee.

The quorum for meeting shall be a majority of the members (two) of the Committee present, in person or by telephone.

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2. Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by election from among its number. The Board shall fill any vacancy if the membership of the Committee is less than three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its power so long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be elected by the Board annually and each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.

3. Financial literacy

All members of the Committee must be "financially literate" (as that term is interpreted by the Board in its business judgment or as may be defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Company's shares are listed for trading) or, if permitted by applicable securities laws or stock exchange rules, must become financially literate within a reasonable period of time after his or her appointment to the Committee.

4. Separate Executive Meetings

The Committee shall endeavour to meet at least once annually and more often as warranted, with the CFO of the Company and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

5. Professional Assistance

The Committee has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense and may set and pay compensation for any advisors employed by the Committee.

The Committee is able to communicate directly with the external auditors and/or the Director of Corporate Accounting and Controls to discuss any matters relating to the responsibilities of the Committee.

6. Reliance

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by the Company's senior management and the external auditors, as to any information technology, internal controls and other non-audit services provided by the external auditors to the Company and its subsidiaries.

7. Review of Charter

The Committee shall periodically review and reassess the adequacy of this Charter in conjunction with the Nominating and Governance Committee as it deems appropriate and recommend changes to the Board. The

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Committee shall evaluate its performance with reference to this Charter. The Committee will approve the form of disclosure of this Charter, where its disclosure is required by applicable securities laws or regulatory requirements.

8. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

9. Reporting to the Board

The Committee shall report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

SPECIFIC MANDATES OF THE COMMITTEE

The Committee shall:

I. In Respect of the Company's External Auditors

(a) review the performance of the external auditors of the Company who shall report directly to the Committee and who are accountable to the Committee and the Board, as the representatives of the shareholders, including the lead partner of the independent auditor team and make recommendations to the Board as to the reappointment or appointment of the external auditors of the Company to be proposed in the Company's proxy circular for shareholder approval and shall have authority to terminate the external auditors;

(b) review the reasons for any proposed change in the external auditors of the Company which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendation to the Board;

(c) approve the terms of engagement and the compensation to be paid by the Company to the Company's external auditors;

(d) review the independence of the Company's external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;

(e) approve in advance all permitted non-audit services (excluding Company's income tax and tax related matters for which the Company's external auditors shall be used) to be provided to the Company or any of its affiliates by the external auditors or any of their affiliates, subject to any *de minimus* exception allowed by applicable law; the Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals required by this subsection, provided that each pre-approval granted by such designated members of the Committee must be presented to the committee at its first scheduled meeting following each such pre-approval;

if the Committee approves an audit service within the scope of the engagement of the independent auditor, such audit service shall be deemed to have been pre-approved for purposes of this subsection;

(f) review the disclosure with respect to its pre-approval of audit and non-audit services provided by the Company's external auditors;

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- (g)** approve any hiring by the Company of partners, employees and former partners and employees of the Company's present or former external auditors;
- (h)** review a written or oral report describing:
 - (i)** all critical accounting policies and practices to be used in the Company's annual audit,
 - (ii)** all alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management that significantly effect the Company's financial statements, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors,
 - (iii)** significant transactions outside of the normal business of the Company and
 - (iv)** other material written communication between the Company's external auditors and the Company, such as any management letter or schedule of unadjusted differences;
- (i)** review with the external auditors and Management the general audit approach and scope of proposed audits of the financial statements of the Company, the objectives, staffing, locations, co-ordination and reliance upon Management in the audit, the overall audit plans, the audit procedures to be used and the timing and estimated budgets of the audits; and
- (j)** discuss with the external auditors any difficulties or disputes that arose with the Management or the Director of Corporate Accounting and Controls during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of the Management's responses in correcting audit-related deficiencies.

II In Respect of the Company's Financial Disclosure

- (a)** review with the external auditors and/or the Company, as appropriate:
 - (i)** the Company's audited financial statements and the notes relating to such financial statements and make recommendations to the Board for their approval;
 - (ii)** the Company's interim financial statements and the notes relating to such financial statements;
 - (iii)** the quality, appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by the Company to new transactions or events;
 - (iv)** all significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative methods in respect of any matter considered significant by the external auditors within generally accepted accounting principles on the financial statements and any "second opinions" sought by the Company from an independent or other audit firm or advisor with respect to the accounting treatment of a particular item;
 - (v)** the effect of regulatory and accounting initiatives on the Company's financial statements and other financial disclosures;
 - (vi)** any reserves, accruals, provisions or estimates that may have a significant effect upon the financial statements of the Company;

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(vii) the use of special purpose entities and the business purpose and economic effect of off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company and their impact on the reported financial results of the Company;

(viii) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Company's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's financial statements;

(ix) review the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Company's operations; and

(x) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles.

(b) review and resolve disagreements between the Company and the Company's external auditors regarding financial reporting or the application of any accounting principles or practices;

(c) review earnings press releases and press releases containing financial information extracted from the financial statements of the Company, as well as financial information and earnings guidance, if any, provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Company gives earning guidance;

(d) review Company disclosure containing "financial outlooks" or "future oriented financial information", each as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each such disclosure;

(e) establish and monitor procedures for (i) the review of public disclosure of financial information extracted from the financial statements of the Company, and periodically assess the adequacy of these procedures, (ii) the receipt and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters, and (iii) the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with the Management these procedures and any significant complaints received;

(f) if requested by the Board, receive from the Chief Executive Officer and the CFO a certificate certifying in respect of each annual and interim report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws and receive and review disclosures made by such officers about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving the Company or its senior officers or persons who have a significant role in the Company's internal controls; and

(g) review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

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III. In Respect of Insurance

- (a) review periodically insurance programs relating to the Company and its investments.

IV. In Respect of Internal Controls

- (a) review the adequacy and effectiveness of the Company's internal accounting and financial controls based on recommendations from Management and the external auditors for the improvement of accounting practices and internal controls;
- (b) review management's response to significant internal control recommendations from the internal control audit and the external auditor;
- (c) review the internal control report prepared by the Director of Corporate Accounting and Controls, including management's assessment of the effectiveness of the Company's internal control, the structure and procedures for financial reporting;
- (d) oversee compliance with internal controls and the Code of Business Conduct;
- (e) maintain on-going communication with the Director of Corporate Accounting and Controls with regards to the Company's internal controls; and
- (f) periodically review with the Director of Corporate Accounting and Controls any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the Director of Corporate Accounting and Controls.

OVERSIGHT FUNCTION

While the Committee has the responsibilities and powers set forth 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 GAAP and applicable rules and regulations. These are the responsibilities of the Company and its senior management and the Company's external auditors. The Committee, its Chair and any Committee 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 Committee member as having accounting or related financial expertise for disclosure purposes or otherwise 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 Committee member who is identified as having accounting or related financial expertise, like the role of all Committee 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.