

## **AUDIT COMMITTEE CHARTER**

### **Purpose**

The primary function of the audit committee of Copper Fox Metals Inc. (the “Committee”) is to assist the board of directors (the “Board”) of the Corporation in fulfilling its responsibilities by reviewing the financial reports and other financial information provided by Copper Fox to any regulatory body or the public, the Corporation’s systems of internal controls regarding preparation of those financial statements and related disclosures that management and the Board have established and the Corporation’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee encourages continuous improvement of, and fosters adherence to, the Corporation’s policies, procedures and practices at all levels. The Committee’s primary objectives are to:

- assist directors in meeting their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
- provide for open communication between directors and external auditors;
- enhance the external auditor’s independence;
- increase the credibility, transparency and objectivity of financial reports; and
- strengthen the role of the outside or “independent” directors by facilitating in depth discussions between directors on the Audit Committee, management, and external auditors.

### **Composition**

The Committee is comprised of three or more directors as determined by the Board, if at all possible with the majority of whom shall be “independent” (as such term is used in National Instrument 52-110 ---Audit Committees (“NI 52-110”) unless the Board shall have determined that the exemption contained in section 3.6 of NI 52-110 would be applicable and has determined to rely thereon.

All of the members of the committee shall be “financially literate” (as defined in NI 52-110) unless the Board shall determine that an exemption under NI 52-110 from such requirement in respect of any particular member would be applicable and has determined to rely thereon in accordance with the provisions of NI 52-110.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and remain as members of the Committee until their successors shall be duly elected and qualified.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its mandate to foster open communication, the Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Chief Financial Officer (if

appointed) is required to be present at the meetings of the Committee and may be excused from all or part of any such meetings by the independent sitting members.

Minutes of all meetings of the Committee shall be taken and the Committee shall report the results of its meetings and reviews undertaken and any associated recommendations or resolutions to the Board. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee shall be valid resolution of the Committee.

A quorum for meetings of the Committee shall be majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the committee shall be the same as those governing the Board.

Members of the Committee may participate in a meeting of the Committee by means of telephone or other communication device or facilities that permit all persons participating in any such meeting to hear one another.

### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### *A. Documents/Reports Review*

1. Review and update this Charter, as conditions dictate.
2. Review the financial statements, prospectuses, MD&A, annual information forms and all public disclosures containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval where required.
3. Review the reports to management prepared by the external auditors and management responses.
4. Established procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
5. Review and Approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the issuer.
6. Review of significant auditor findings during the year, including the status of previous audit recommendations.
7. Be satisfied with and periodically assess the adequacy of procedures for the review of corporate disclosure that is derived or extracted from the financial statements.

#### *B. External Auditors*

8. Be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
9. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.
10. Recommend to the Board the terms of engagement of the external auditor, including their compensation and a confirmation that the external auditors shall report directly to the Committee.
11. On an annual basis, review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence.
12. Review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.
13. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
14. Periodically consult with the external auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.
15. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
16. Pre-approve the completion of any non-audit services by the external auditors and determine which non-audit services the external auditor is prohibited from providing and the Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services, provided that such member(s) reports to the Committee at the next scheduled meeting such pre-approval and the members(s) complies with such other procedures as may be established by the Committee from time to time.

*C. Financial Reporting Processes*

17. In consultation with the external auditors and management, review the integrity of the organization's financial reporting processes both internal and external. Consider judgments concerning the appropriateness of the Corporation's accounting policies.
18. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors or management.
19. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).

*D. Process Improvement*

20. Review with external auditors their assessment of internal controls, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external

auditors their plan for their audit, and upon completion of the audit, their reports upon the financial statements.

*E. Ethical and Legal Compliance*

21. Ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to regulatory organizations and the public satisfy legal requirements.
22. Conduct and authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain, and to set and pay compensation for any independent counsel and other professionals to assist in the conduct of any investigation, subject to the Board approving any expenditure in excess of \$10,000 in this regard.
23. Perform any other activities consistent with this Charter, the Corporation's Articles and governing law, as the Committee or the Board deems necessary or appropriate.