



## CHARTER OF THE AUDIT COMMITTEE

### NIOBAY METALS INC. (the "Corporation")

#### *Purpose*

The purpose of the Audit Committee (the "**Committee**") is to provide assistance to the Board of Directors of the Corporation in fulfilling its responsibility to the shareholders, potential shareholders and the investment community relating to corporate accounting, the quality and the integrity of the Corporation's financial reporting practices, and the audit process. In so doing, it is the responsibility of the Committee to ensure free and open communication between the directors of the Corporation, the external auditor and the financial management of the Corporation.

Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Corporation. The external auditor are responsible for auditing the Corporation's annual financial statements and for reviewing the Corporation's interim financial statements.

#### *Organization*

The Committee is composed of at least three Directors who are independent of the management of the Corporation and are free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as committee members. The Committee ensures that its Chairperson and members are financially literate and that at least one member has expertise in financial reporting. The Committee meets at least four times a year, with the authority to convene additional meetings as circumstances require.

The quorum of the Committee is the majority of members. Notice of each meeting of the Committee must be given to each member orally or in writing before the time scheduled for the meeting unless each and all members expressly renounce by their presence at the meeting to such prior notice.

#### *Responsibilities*

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the accounting and reporting practices of the Corporation are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the Committee:

- Is responsible for reviewing and recommending for approval to the Board the annual and quarterly financial statements of the Corporation. Included in this review is assessing the use of management estimates in the preparation of the financial statements. The Committee is responsible for ensuring that systems are in place to limit the potential for material misstatement in the financial statements and that the financial statements are complete and consistent with information known to the Committee;
- Recommends to the Directors the external auditor to be selected to audit the financial statements of the Corporation and the compensation to be paid to such auditor;



- Is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- Meets with the external auditor and financial management of the Corporation to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof reviews such audit, including any comments or recommendations of the external auditor;
- Reviews with the external auditor, the adequacy of the Corporation's financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls and systems of the Corporation, and elicits any recommendations for the improvement of such internal controls procedures and systems or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis is given to the adequacy of such internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper. Further, the Committee periodically reviews the Corporation's policy statements to determine their appropriateness;
- Reviews the Corporation's hedging and risk management systems and policies;
- Reviews the annual financial statements and management discussion and analysis with management and the external auditor to determine that the external auditor is satisfied with the disclosure and content of the financial statements to be presented to the shareholders. Any changes in accounting policy are reviewed;
- Reviews the interim financial statements and disclosures under management's discussion and analysis of financial condition and results of operations with both management and external auditor prior to the release of these reports (and with the external auditor, when required);
- Provides sufficient opportunity for the external auditor to meet with the members of the Committee without members of management present. Among the items discussed in these meetings are the external auditor's evaluation of the Corporation's financial, accounting personnel, and the cooperation that the external auditor received during the course of the audit;
- Pre-approves all non-audit services to be provided to the Corporation by the external auditor;
- Reviews the compliance of management certification of financial reports with applicable legislation and attestation of the Corporation's disclosure controls and procedure;
- Reviews accounting and financial human resources succession planning within the Corporation;
- Submits the minutes of all meetings of the Committee to, or discusses the matters discussed at each Committee meeting with, the Board of Directors;
- Investigates any matter brought to its attention within the scope of its duties, with the power to retain outside advisors, including legal counsel for this purpose if, in its judgment, that is appropriate;
- Reviews its own performance on a continual basis and makes recommendations to the Board for changes to this Audit Committee Mandate and the composition of the Committee;



- Has the right for the purpose of performing its duties to inspect and discuss all relevant information and records and any matters relating to the financial position of the Corporation with the officers, employees or independent parties, including the external auditor, all of whom are expected to cooperate;
- Establishes procedures for the treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters as well as the confidential anonymous submission by employees of the Corporation of concerns regarding questionable or auditing matters;
- Reviews and approves the Corporation hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

### ***Delegations***

The Committee cannot delegate to management any of its responsibilities. However, the Committee may delegate to one or more of its independent members the authority to pre-approve non-audit services to be rendered by the external auditor. Such pre-approval by any members or the Committee must be ratified at the next Committee's meeting.

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