

**CHARTER FOR THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS (the "Board") OF  
BHK RESOURCES INC.**

**(Adopted by the Board on February 5, 2013)**

**1.0 Purpose of the Committee**

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

**2.0 Members of the Committee**

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 Each Member of the Audit Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**3.0 Meeting Requirements**

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

**4.0 Duties and Responsibilities**

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions

("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;

- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company; and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

## **5.0 Miscellaneous**

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

## **COMMITTEE OPERATIONS – GENERAL GUIDELINES**

### **Committee Membership**

The Chair and Members of each Committee will be appointed or confirmed by the Board annually and will hold office at the pleasure of the Board.

### **Committee Member Responsibilities**

The responsibilities of a Committee member are in addition to such member's duties as a member of the Board; but committee membership does not confer on any member a higher standard of care or diligence than that which applies to the Directors as a whole.

### **Vacancies**

Where a vacancy occurs at any time in the membership of a Committee, it may be filled by the Board, upon recommendation by the Corporate Governance and Compensation Committee. The Board must fill any committee vacancy if the membership of the Committee is less than the minimum required number of Committee members.

### **Meetings**

The Chair of the Committee, the Chair of the Board, or any two Committee members may call a meeting of the Committee. Each Committee will meet at least once each fiscal year, and at such other times during each year as it deems appropriate, with the exception of the Audit Committee, which is expected to meet at least quarterly to approve the Company's financial statements.

### **Notice of Meetings**

The Chair of the Board or Committee will arrange to provide notice of the time and place of every meeting at least 24 hours prior to the time fixed for such meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **Absence of Chair**

If the Chair is not present at any meeting, one of the other members present will be chosen to preside.

### **Secretary**

At each meeting the Committee will appoint a secretary, who need not be a director of the Company.

### **Quorum**

A majority of the members appointed to the Committee will constitute a quorum.

### **Attendance of the Company's Officers or Visitors at Meetings**

The Chair of the Committee, or any two members of the Committee may invite one or more officers of the Company, or others as it seems appropriate, to attend any meeting of the Committee.

### **Delegation**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee, management or, to the extent otherwise permitted by applicable plans, laws or regulations, to any other body or individual.

### **Procedure and Records**

Subject to any statute or constating documents of the Company, the Committee will determine its own procedures at meetings and may conduct meetings by telephone or other electronic communication and will keep records of its proceedings.

### **Consent Resolutions**

The Committee may pass resolutions by consent in writing signed by all members of the Committee.

### **Access**

In carrying out its responsibilities, the Committee will have full access to all books and records, facilities and personnel of the Company, as well as independent auditors, counsel and other experts.

### **Reporting and Assessment**

Each Committee will report to the Board of Directors.

Each Committee is expected to review its Charter and conduct an assessment of its performance, and the performance of the Committee Chair, on an annual basis

### **Engagement of Advisors**

Each Committee may, at the request of the Board or on its own initiative, investigate relevant matters as it considers necessary or appropriate in the circumstances and is authorized to engage and compensate any outside advisors that it determines to be necessary to permit it to carry out its duties.