

BUCHANS RESOURCES LIMITED

(the “Company”)

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Purpose

The Audit Committee (the “**Committee**”) is appointed by the Board to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Company. The Committee’s primary duties and responsibilities are to:

- review the quarterly and annual financial statements and management's discussion and analysis of the Company and report thereon to the Board;
- select and monitor the independence and performance of the outside auditor of the Company (the “**Independent Auditor**”), including meetings with the Independent Auditor;
- conduct such reviews and discussions with management and the Independent Auditor relating to the audit and financial reporting as are deemed appropriate by the Committee;
- provide oversight to related party transactions entered into by the Company; and
- if necessary, assess the integrity of internal controls and financial reporting procedures of the Company and review the internal control report prepared by management required to be included with the annual report of the Company.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditor as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

Composition and Meetings

The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the stock exchange that the Company is listed on.

1. The Committee shall be composed of three or more directors, one of whom shall serve as the Chair; both the members and the Chair shall be designated by the Board from time to time.
2. All members of the Committee shall be “independent” and “financially literate” in accordance with National Instrument 52-110 – *Audit Committees*.

3. The Committee shall meet at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum.
4. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
5. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee.
6. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
7. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
8. The Committee may invite such officers, directors and employees of the Company and its subsidiary as it may see fit, from time to time, to attend at meetings of the Committee.
9. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
10. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee members will be elected annually at the first meeting of the Board following the annual meeting of shareholders.

Responsibilities

Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditor as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the Independent Auditor, together with management's response.
3. The Committee shall 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, management's discussion and analysis and interim financial press releases, and periodically assess the adequacy of these procedures.
4. The Committee shall review management's discussion and analysis relating to annual and interim financial statements and any other public disclosure documents, including interim financial press releases, that are required to be reviewed by the Committee under any applicable laws before the Company publicly discloses this information.
5. The Committee shall meet no less frequently than annually with the Independent Auditor and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Company in charge of financial matters, deem appropriate.
6. The Committee shall inquire of management and the Independent Auditor about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management, has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditor and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall establish procedures for:
 - a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
9. The Committee shall provide oversight to related party transactions entered into by the Company.

Independent Auditor

1. The Committee shall recommend to the Board the Independent Auditor to be nominated, shall set the compensation for the Independent Auditor, provide oversight of the Independent Auditor and shall ensure that the Independent Auditor report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the Independent Auditor, including the resolution of disagreements between management and the Independent Auditor regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditor in accordance with the terms of this charter.

4. The Committee shall monitor and assess the relationship between management and the Independent Auditor and monitor, support and assure the independence and objectivity of the Independent Auditor.
5. The Committee shall review the Independent Auditor's audit plan, including the scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the Independent Auditor, including matters related to the conduct of the audit.
7. The Committee shall obtain timely reports from the Independent Auditor describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the Independent Auditor's preferred treatment and material written communications between the Company and the Independent Auditor.
8. The Committee shall review fees paid by the Company to the Independent Auditor and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
10. The Committee shall monitor and assess the relationship between management and the Independent Auditor and monitor the independence and objectivity of the Independent Auditor.

Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.