

GENDIS INC.

AUDIT COMMITTEE CHARTER

1. **Overall purpose/objectives**

The Audit Committee is appointed by the Board of Directors to assist the Board of Directors in discharging its oversight responsibilities. The Audit Committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Audit Committee will also review: the effectiveness of the Company's internal financial control and risk management system; the independent audit process including recommending the appointment and assessing the performance of the independent auditor; the Company's process for monitoring compliance with laws and regulations affecting financial reporting and, if applicable, its code of business conduct. In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, management, and the independent auditors. To perform his or her role effectively, each Audit Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Audit Committee's responsibilities and of the Company's business, operations and risks.

2. **Authority**

The Board of Directors authorizes the Audit Committee, within the scope of its responsibilities, to:

- 2.1 Perform activities within the scope of its charter.
- 2.2 Engage independent counsel and other advisers, as it deems necessary to carry out its duties.
- 2.3 Ensure the attendance of Company officers at meetings as appropriate.
- 2.4 Have unrestricted access to members of management, employees and relevant information.
- 2.5 Establish procedures for dealing with concerns of employees regarding accounting, internal control or auditing matters.
- 2.6 Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- 2.7 Be directly responsible for the oversight of the work of the independent auditor.
- 2.8 Recommend to the Board of Directors the approval of all audit engagement fees and terms.
- 2.9 Review policies for the provision of non-audit services by the independent auditors including the framework for pre-approval of such services.

3. **Organization**

Membership

- 3.1 The Board of Directors will nominate the Audit Committee members and the Chair of the Audit Committee, who will be an independent director.
- 3.2 The Audit Committee will comprise at least 3 members. All members shall be independent non-executive directors of the Company.
- 3.3 A quorum of any meeting will be at least 50% of members.
- 3.4 Each member should have skills and experience appropriate to the Company's business.
- 3.5 Each member shall be financially literate.
- 3.6 Members will be appointed for a one-year term of office.
- 3.7 The Secretary of the Audit Committee will be the Company's Secretary, or such other person as nominated by the Audit Committee.

Meetings

- 3.8 Only Audit Committee members are entitled to attend meetings. The Audit Committee may invite other persons to its meetings, as it deems necessary.
- 3.9 Meetings shall be held not less than 4 times a year to correspond with the Company's financial reporting cycle.
- 3.10 Special meetings may be convened as required. The Secretary of the Audit Committee will convene a special meeting on receipt of a request by the independent auditors.
- 3.11 The Chair of the Audit Committee shall prepare the agenda for a meeting. The Secretary of the Audit Committee shall circulate the agenda and supporting documentation to the Audit Committee members within a reasonable period in advance of each meeting.
- 3.12 The Secretary of the Audit Committee shall circulate the minutes of meetings to members of the Board of Directors, members of the Audit Committee and the independent auditor where appropriate.

- 3.13 As a minimum, the Chair of the Audit Committee or in his stead, another member of the Audit Committee shall attend the Board of Directors meeting at which the financial statements and management's discussion & analysis are approved.
- 3.14 Members of the Audit Committee should attend every meeting of the Audit Committee.
- 3.15 The Audit Committee should meet with Company's Secretary on a regular basis. A meeting with independent legal counsel should be held if it is deemed necessary.
- 3.16 The Audit Committee will meet with the independent auditors without management present.

4. ***Roles and responsibilities***

The Audit Committee will:

Internal control

- 4.1 Evaluate whether management is setting the appropriate 'control culture' by communicating the importance of internal control and management of risk.
- 4.2 Understand the internal controls systems implemented by management for the approval of transactions and the recording and processing of financial data.
- 4.3 Understand the controls and processes implemented by management to ensure that the financial statements derived from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.
- 4.4 Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the independent auditors have been implemented by management.
- 4.5 Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown or to guard against computer fraud or misuse.

Financial reporting

- 4.6 Gain an understanding of the current areas of greatest financial risk and how these are being managed.
- 4.7 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.
- 4.8 Oversee the periodic financial reporting process implemented by management including the review and approval of the interim financial statements, the interim Management's Discussion & Analysis and financial announcements prior to their release, and review and consider recommending to the Board of Directors the approval of the annual financial statements and the annual Management's Discussion & Analysis.
- 4.9 Review management's process for ensuring that information contained in analyst briefings and press announcements is consistent with published financial information, balanced and transparent.
- 4.10 Meet with management and the independent auditors to review the financial statements, the key accounting policies and judgements, and the results of the audit.
- 4.11 Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practices are discussed with the independent auditor.
- 4.12 Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the Company and its operations.

Compliance with laws and regulations

- 4.13 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up, including disciplinary action, of any fraudulent acts or non-compliance.
- 4.14 Obtain regular updates from management and Company's Secretary regarding compliance matters that may have a material impact on the Company's financial statements or compliance policies.
- 4.15 Be satisfied that all regulatory compliance matters, related to the business of the Company, have been considered in the preparation of the financial statements.
- 4.16 Review the findings of any examinations by regulatory agencies.

Independent audit

- 4.17 Review the professional qualification of the auditors (including background and experience of partner and auditing personnel).
- 4.18 Consider the independence of the independent auditor and any potential conflicts of interest.
- 4.19 Review on an annual basis the performance of the independent auditors and make recommendations to the Board of Directors for the appointment, reappointment or termination of the appointment of the independent auditors.
- 4.20 Review the independent auditors' proposed audit scope and approach for the current year in light of the Company's present circumstances and changes in regulatory and other requirements.

- 4.21 Discuss with the independent auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- 4.22 Ensure that significant findings and recommendations made by the independent auditors and management's proposed response are received, discussed and appropriately acted on.
- 4.23 Discuss with the independent auditor the appropriateness of the accounting policies applied in the Company's financial reports and whether they are considered aggressive, balanced or conservative.
- 4.24 Meet separately with the independent auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately. Ensure the auditors have access to the Chair of the Audit Committee when required.
- 4.25 Review policies for the provision of non-audit services by the independent auditor [and where applicable the framework for pre-approval of audit and non-audit services].
- 4.26 Ensure the Company has appropriate policies regarding the hiring of audit firm personnel for senior positions after they have left the audit firm.
Reporting responsibilities
- 4.27 Regularly update the Board of Directors about Audit Committee activities and make appropriate recommendations.
- 4.28 Ensure the Board of Directors is aware of matters that may significantly impact the financial condition or affairs of the business.
- 4.29 Prepare any reports required by law or listing rules or requested by the Board of Directors.
Evaluating performance
- 4.30 Evaluate the Audit Committee's own performance, both as individual members and collectively, on a regular basis.
- 4.31 Assess the achievement of the duties specified in the charter and report the findings to the Board of Directors.
Review of the Audit Committee charter
- 4.32 Review the Audit Committee charter annually and communicate any changes for approval by the Board of Directors.