



Audit Committee Charter

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Reviewer:	Audit Committee
Approved:	Board of Directors

A. Purpose and Scope

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of Itafos Inc. (the “**Company**”). The primary function of the Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and to the investment community. The external auditors will report directly to the Committee. The Committee’s primary duties and responsibilities are:

1. Overseeing integrity of the Company’s financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and preparing reports or certifications required by any governmental body, including any stock exchange, in connection with the Company’s financial reports;
2. Recommending the appointment and reviewing and appraising the audit work of the Company’s independent auditor, overseeing the independent auditor’s qualifications and independence and providing an open avenue of communication among the independent auditor, senior management, the financial, internal audit and reporting team, and the Board;
3. Reviewing the Company’s financial statements, MD&A and annual and interim profit or loss press releases before they are publicly disclosed and overseeing procedures for reviewing the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements (other than press releases, which must be reviewed by this Committee);
4. Serving as an independent and objective party to oversee and monitor the Company’s auditing, accounting, financial reporting process and internal controls, its processes to manage financial risk, and its compliance with legal, ethical and regulatory requirements regarding financial reporting; and
5. Performing such other duties and responsibilities set forth in this charter.

The management of the Company is responsible for preparing accurate and complete financial statements in accordance with applicable financial reporting standards and principles, and for establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting.

The Committee's responsibility is one of oversight. It is not the responsibility of the Committee to prepare or certify the Company's financial statements or to guarantee the audits or reports of the independent auditors, nor is it the duty of the Committee to certify that the independent auditor is "independent" under applicable rules. These are the fundamental responsibilities of management and the independent auditors. The Committee relies on the expertise and knowledge of management, the internal auditor and the independent registered accounting firm in carrying out its oversight responsibilities.

B. Composition and Meetings

The Committee shall be composed of at least three directors. Except as otherwise allowed under the rules of the applicable stock exchanges, a majority of the members of the Committee must not be executive officers, employees or control persons of the Company or of an associate or affiliate of the Company.

All members of the Committee shall, to the satisfaction of the Board, have the ability to read and understand a set of financial statements that present a breadth and level of complexity of 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.

The members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board held following the annual meeting of shareholders and shall hold office until the following organizational meeting of the Board or until their successors shall be duly appointed and qualified. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. 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.

The Committee may ask other directors, members of management or others to attend meetings and provide pertinent information, as necessary. For purposes of performing their responsibilities, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information with senior employees, officers, independent auditors and legal counsel of the Company. The Committee may engage separate independent counsel and advisors at the expense of the Company, all as it considers, in its sole discretion, to be necessary or advisable to perform its duties and responsibilities. The Committee has the authority to oversee or terminate the work of, and to approve the compensation for, such independent counsel and advisors.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine. The Committee shall otherwise be governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee shall take written minutes of its meetings and activities which will be filed with the meeting minutes of the Board.

Meetings of the Committee shall be held from time to time and at such place as the Committee or the Chair of the Committee shall determine upon 48-hour notice to each of members. The notice period may be waived by a quorum of the Committee. Each of the Chair of the Committee, a member of the Committee, Chair of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chair of the Committee call a meeting which shall be held within 48 hours of receipt of such request.

All Committee members are expected to attend, in person or via teleconference, video conference, or other electronic communications facilities that permits all participants to communicate adequately, all meetings of the Committee, to come prepared for the meeting, and to remain in attendance for the duration of the meeting.

As part of its job to foster open communication, the Committee shall meet separately with the Chief Executive Officer and Chief Financial officer of the Company at such times as it deems appropriate to review the financial affairs of the Company. The Committee will meet separately with the independent auditors of the Company and separately with the head of internal audit (if one is designated) at such times as it deems appropriate.

C. Responsibilities and Duties

To fulfill its responsibilities and duties the Committee shall:

1. Review and update this Charter periodically, as conditions dictate.
2. Describe briefly in the Company's annual report and more fully in the Company's Management Information Circular the Committee's composition and responsibilities and how they were discharged.
3. Report periodically to the Board.

Financial Reporting

4. Review with management and the independent auditors, the Company's annual and, to the extent that the independent auditors complete interim reviews, interim financial statements, management discussion and analysis and any reports or other financial information to be submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor for the purpose of recommending their approval to the Board prior to their filing, issue or publication.
5. Review the Company's financial statements, MD&A and annual and interim profit or loss press releases before they are publicly disclosed.
6. Oversee procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than press releases, which must be reviewed by this Committee), and periodically assess the adequacy of such procedures.

Independent Auditor

7. Recommend the selection of the independent auditor to the Board, consider the independence and effectiveness of the independent auditor (including any required rotation of the audit partners), and approve the fees and other compensation to be paid to the independent auditor.
8. Review any management letters or other reports of the independent auditor and discuss any material differences of opinion between management and the independent auditor.
9. Review and discuss, on an annual basis, with the independent auditor all relationships they have with the Company to determine their independence and report to the Board. This includes obtaining from the independent auditor their formal written statement of independence, considering applicable auditor independence standards and taking any decisions and actions that may be necessary and appropriate where the Committee becomes aware of the potential for a conflict (or the reasonable perception of a conflict) between the interests of the independent auditors and the interests of the Company.

10. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.
11. Review the performance of the independent auditor, including the lead audit partner, and approve any proposed discharge and replacement of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.
12. Periodically consult with the independent auditor in the absence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the Company's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
13. Arrange for the independent auditor to be available to the Committee and the full Board as needed. Ensure that the auditor reports directly to the Committee and is made accountable to the Board and the Committee, as representatives of the shareholders to whom the auditor is ultimately responsible.
14. Oversee the work of the independent auditor engaged for preparing or issuing an audit report or performing other audit, review or attest services.
15. Ensure that the independent auditor is prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:
 - a. bookkeeping or other services related to the accounting records or financial statements of the Company;
 - b. financial information systems design and implementation;
 - c. appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - d. actuarial services;
 - e. internal audit outsourcing services;
 - f. management functions or human resources;
 - g. broker or dealer, investment adviser or investment banking services;
 - h. legal services; and
 - i. any other services which the Canadian Public Accountability Board or any other public company accounting oversight board, as applicable, determines to be impermissible.

16. Ensure that it is informed by management or a Committee member and, if needed, by the independent auditor of each non-audit service and pre-approve any permissible non-audit services of the independent auditors, in accordance with applicable legislation. In relation to the pre-approval of permissible non-audit services, adopt specific policies and procedures for the engagement of such services, which detail the non-audit services. Such procedures may be delegated to one or more independent Committee member and must not include delegation of the Committee's responsibilities to management.

Financial Reporting Processes

17. In consultation with the independent auditor, review the integrity of the Company's financial and accounting reporting processes, both internal and external.
18. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles, underlying estimates or complex or unusual transactions and whether those principles are common practices.
19. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

20. At least annually obtain and review a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues.
21. Review and approve hiring of employees or former employees of the past and present independent auditors.
22. Establish regular and separate systems of reporting to the Committee by each of management and the independent auditor regarding any significant judgments and accounting estimates made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments and estimates.
23. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.
24. Following completion of the annual audit and quarterly reviews, if any, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the audit and reviews.

25. Review any significant disagreements between management and the independent auditor in connection with the preparation of the financial statements and, where there are significant unsettled issues, the Committee shall ensure that there is an agreed course of action for the resolution of such matters.
26. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time after implementation of changes or improvements, as decided by the Committee.
27. Review activities, organizational structure, and qualifications of the chief financial officer and the staff in the financial area and ensure that matters related to succession planning within the Company's senior financial and accounting team are raised for consideration by the full Board.

Risk Management

28. Make inquiries of management and the independent auditors to identify significant financial and control risks and related exposures and assess the steps management has taken to evaluate and respond to (avoid, transfer, minimize or accept) such risk to the Company.

General

29. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.
30. Perform any other activities consistent with this Charter, the Company's articles (or other governing documents) and the governing law, as the Committee or the Board deems necessary or appropriate.
31. Independently or in conjunction with the entire Board or the Company's Governance and Nominating Committee, perform annual assessments of the effectiveness of the Committee.
32. Review management's monitoring of the Company's systems in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
33. Review, with the Company's counsel, legal and regulatory compliance matters, including corporate securities trading policies, any off-balance sheet structures, and any other matters that could have a significant impact on the Company's financial statements.
34. Confirming that appropriate actions are taken to review the status, results and resolutions of complaints regarding accounting, internal accounting controls or auditing matters submitted to the Committee by the Governance and Nominating Committee of the Board.

D. Role of Committee Chair

To fulfill the responsibilities and duties as Chair, the Chair of the Committee should:

1. Provide leadership to the Committee and oversee the operation of the Committee following appropriate corporate governance practices.
2. Chair meetings of the Committee, unless not present, including in camera sessions.
3. Set the agenda for each meeting of the Committee, with input from other Committee members and take reasonable steps to ensure that the Committee has an opportunity at its meetings, where needed or appropriate, to meet in separate closed sessions without management present, and with or without internal personnel or external advisors as needed.
4. Act as liaison and maintain communication with the Board to optimize and coordinate input from directors, and to optimize the effectiveness of the Committee.
5. Facilitate effective communication between members of the Committee and management, encourage an open and frank relationship between the Committee and independent advisors.
6. Lead the Committee in monitoring and evaluating, in consultation and coordination with the Governance and Nominating Committee, the performance and effectiveness of the Committee as a whole and the contributions to the Committee of individual directors.
7. Perform such other duties as may be delegated from time to time to the Chair by the Board.