

LYDIAN INTERNATIONAL LIMITED
CHARTER OF THE AUDIT COMMITTEE

I. PURPOSE

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Lydian International Limited (the “**Company**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process, internal controls and risk management for the Company. This charter (the “**Charter**”) sets forth the purposes, composition, responsibilities and authority of the Committee. The Committee’s primary duties and responsibilities are to:

- (a) Conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- (b) Oversee management’s implementation and ongoing assessment of the Company’s disclosure controls, internal controls over financial reporting, and ensure appropriate implementation of such controls;
- (c) Ensure that there is an appropriate standard of corporate conduct including, adopting a corporate code of conduct, and designating a member of management as the compliance officer;
- (d) Review the financial results news releases, quarterly and annual financial statements and management’s discussion and analysis of the Company’s financial position and operating results and report thereon to the Board for approval of same;
- (e) Review the Company’s Enterprise Risk Assessment;
- (f) Oversee management’s implementation of the Company’s whistleblower policy and, upon request, participate with investigations of matters reported thereunder;
- (g) Provide oversight to related party transactions entered into by the Company; and
- (h) Select and monitor the independence and performance of the Company’s external auditors, including attending private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration.
- (i) Select and monitor the independence and performance of the Company’s internal auditors, including attending private meetings with the internal auditors and reviewing and approving all internal audit plans, renewals or dismissals of the internal auditors and their remuneration.
- (j) Pre-approve all non-audit services to be provided to the Company or its subsidiary

entities by the Company's external auditor.

- (k) Establish procedures for:
- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (l) Review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.

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

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part V of this Charter.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) Carry out the purpose of the Charter, including conducting any investigations deemed by the Committee to be appropriate;
- (b) Engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (c) Compel directors, officers, employees and other parties engaged by the Company to cooperate fully with the Committee which shall include open and direct access to such persons and to all information regarding the Company that is necessary or desirable to fulfill its duties;
- (d) Set compensation for and direct payment to advisors employed by the Committee; and
- (e) Communicate directly with the Company's chief financial officer, external auditors and internal auditors or those executing such responsibilities.

III. COMPOSITION AND MEETINGS

The composition of the committee and its meeting shall be as follows:

- (a) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission, the Toronto Stock Exchange, the Companies (Jersey) Law 1991 and all other applicable corporate and securities regulatory authorities.
- (b) The Committee shall be composed of three or more directors as shall be designated by

the Board from time to time. The members of the Committee shall be independent and financially literate as defined in National Instrument 52-110 - *Audit Committees*. The Committee shall appoint from among themselves a member who shall serve as Chair.

- (c) The Committee shall meet at least quarterly, 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. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone, or other communication equipment shall constitute a quorum.
- (d) If within one hour following the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour following the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- (e) If and whenever a vacancy shall occur, the Chair of the Committee shall promptly request of the Board to designate a replacement. Until such time as the Board acts to fill a vacancy, the remaining members of the Committee may exercise full authority of the Committee so long as a quorum remains in effect.
- (f) 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. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of telephone or other communication equipment or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (g) The members of the Committee are expected to attend all meetings of the Committee unless prior notification is provided. Any member of the Committee may participate in the meeting of the Committee by means of 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.
- (h) 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.
- (i) The Committee may invite such independent auditors, advisors, Directors, officers and employees of the Company and its subsidiaries as the Committee may see fit, from time

to time, to attend at meetings of the Committee.

- (j) 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. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.
- (k) The Committee members will be appointed annually by the Board at the first meeting of the Board following the annual general meeting of shareholders (each an “Annual Meeting”) to hold office until the Annual Meeting of the immediately following year. The Board may remove a Committee member at any time and may fill any vacancy occurring on the Committee. A Committee member may resign at any time and a Committee member will automatically cease to be a member upon ceasing to be a director of the Company.
- (l) The Committee shall meet in camera with only the auditors, only management, and with only the members of the Committee at every Committee meeting where, and to the extent that, such parties are present.

IV. AUDIT COMMITTEE RESPONSIBILITIES

The Committee shall have the following responsibilities:

- (a) The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with international financial accounting standards (“IFRS”) and report thereon to the Board and recommend to the Board whether or not the same should be approved prior to their being filed with the appropriate regulatory authorities. 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 external auditors 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.
- (b) The Committee shall review the condensed unaudited interim financial statements to satisfy itself that they are presented in accordance with IFRS and report thereon to the Board and recommend to the Board whether or not the same should be approved prior to their being filed with the appropriate regulatory authorities.
- (c) The Committee shall review management’s discussion and analysis relating to the annual and interim financial statement and any other public disclosure documents relating to financial information, including annual reports and news releases before the Company

publicly discloses this information.

- (d) The Committee shall review any internal control reports prepared by management or the internal auditors, and the evaluation of such reports by the external auditors, together with management's response.
- (e) 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, interim earnings press releases, and periodically assess the adequacy of these procedures.
- (f) The Committee shall meet no less frequently than annually with the external auditors, internal auditors, and the Chief Financial Officer to review accounting practices, internal controls and such other matters as the Committee, the external auditors, and Chief Financial Officer, deem appropriate.
- (g) The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the procedures and policies that management has taken to effectively manage and control such risks.
- (h) The Committee shall review any post-audit management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- (i) The Committee shall review the internal audit reports containing recommendations and management's response and subsequent follow-up to any identified control weaknesses.
- (j) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of conduct.
- (k) The Committee shall oversee the implementation and on-going reporting of violations of the Whistleblower Policy. The Committee shall ensure that management has established adequate procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (l) The Committee shall review all significant related party transactions.
- (m) The Committee shall review the enterprise risk assessment.

- (n) The Committee shall recommend to the Board the external auditors to be nominated and internal auditors, and the compensation for the external auditors. The Committee shall provide oversight of the external and internal auditors and shall ensure that the external and internal auditors report directly to the Committee.
- (o) The Committee shall be 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, including the resolution of any disagreements between management and the external auditors regarding financial reporting.
- (p) The Committee shall pre-approve all audit and non-audit services not prohibited by applicable securities regulations to be provided by the external auditors in accordance with the terms of this Charter.
- (q) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors. The Committee shall discuss with the external auditors on an ongoing basis their perception of the Company's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of review and availability of records, data and other requested information and any recommendations with respect thereto.
- (r) The Committee shall review the external auditor's audit plan, including the scope, procedures and timing of the audit.
- (s) The Committee shall review the results of the annual audit and quarterly reviews, if applicable, with the external auditors, including matters related to the conduct of the audit and reviews.
- (t) The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditor's preferred treatment and material written communications between the Company and the external auditors.
- (u) The Committee shall review and approve the internal auditor's audit plan, including the scope, procedures and timing of the audits.
- (v) The Committee shall review fees paid by the Company to the external auditors, internal auditor and other professionals in respect of audit and non-audit services on an annual basis.
- (w) 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.

- (x) The Committee shall perform any other activities consistent with this Charter as the Committee or the Board deems necessary or appropriate.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Company's financial statements are complete and accurate or comply with any applicable requirements. These are the responsibilities of management of the Company, the internal auditors and the external auditors. The Committee is to provide broad oversight of the financial, risk and control related activities of the Company, and is specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member of the Committee as having accounting or related financial expertise is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation.

V. RESPONSIBILITIES OF THE AUDIT COMMITTEE CHAIR

The Chair of the Committee is responsible for managing the Committee, including:

- (a) Chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- (b) Developing a calendar to schedule out the activities of the Committee for the ensuing year;
- (c) Providing direction to management to prepare an appropriate agenda for Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
- (d) Acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee;
- (e) Ensures that the members of the Committee understand and discharge their duties and obligations;
- (f) Leading the Committee in annually reviewing and assessing the adequacy of the Charter and evaluating the Committee's effectiveness in fulfilling the Charter.
- (g) Providing oversight of the internal audit function.

VI. TENTATIVE ANNUAL CALENDAR

Agenda Item	Calendar Year				As Needed
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
Review Audit Committee Charter			✓		
Review the Effectiveness of the Audit Committee and its Members	✓				
Review Annual Financial Statements, MD&A and any related press release,	✓				
Review Management Letter	✓				
Review Interim Financial Statements, MD&A and any related press releases		✓	✓	✓	
Review Internal Control Reports	✓	✓	✓	✓	
Review Enterprise Risk Management Program and On-Going Monitoring	✓	✓	✓	✓	
Recommend Compensation for External Auditor, Internal Auditor and Advisors					✓

Agenda Item	Calendar Year				As Needed
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
Recommend to the Board External Auditor Nomination	✓				
Review Audit Plan and Scope				✓	
Pre-approve Non Audit Services					✓
Review the results of investigations arising from the Whistleblower Policy					✓
Review the Company's hiring practices regarding partners, employees of current and former Auditors					✓

This Charter was reviewed and approved by the Board on 16 August 2016.