

Fortune Minerals Limited
Audit Committee Charter
May 11, 2005

- Composition
 - The audit committee (the "Committee") will be composed of three directors, all of whom are "financially literate" and "independent", as such terms are defined in *Multilateral Instrument 52-110 – Audit Committees* (the "Audit Committee Rule"). A quorum will be two directors.
 - Members will have a one-year renewable term with no more than two members rotating in a given year.
 - Any member may be removed and replaced at any time by the Board and will automatically cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies in the Committee by election from among the members of the Board to hold office until the next annual meeting of shareholders of the Corporation. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.
 - One member shall be appointed Committee chair by the Board.
- Authority
 - The Committee has the authority to investigate any activity of the Corporation. The Committee shall be granted unrestricted access to all information that it considers necessary to carry out its duties and all employees are to co-operate as requested by the Committee.
 - The Committee has the authority to: (i) engage independent counsel and such other advisors as it determines necessary to carry out its duties, (ii) set and pay the compensation for any advisors employed by it; and (iii) communicate directly with the internal and external auditors.
- Meetings
 - The Committee will meet regularly at such times as it considers necessary to perform the duties described herein, but not less than four times per year. At minimum, the meetings will be scheduled to permit review of the quarterly and annual financial statements and reports. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member or the external auditor.
 - Minutes of each meeting will be prepared by the person designated by the Committee to act as secretary and will be provided to the Secretary of the Corporation for retention.

- Reporting
 - A summary of all meetings of the Committee is to be provided to the Board. Oral reports by the chair on matters not yet minuted are to be provided to the Board at its next meeting.
 - Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request to the Secretary of the Corporation.

- Responsibilities
 - The responsibilities of the Committee are as follows:
 - To satisfy itself that the Corporation has implemented appropriate systems to identify, monitor and mitigate significant business risks and compliance matters.
 - To satisfy itself that the Corporation has implemented appropriate systems of internal control to ensure compliance with legal, ethical and regulatory requirements and that these systems are operating effectively.
 - To satisfy itself that the Corporation has implemented appropriate systems of internal control to ensure compliance with its policies and procedures and that these systems are operating effectively.
 - To satisfy itself that the Corporation has implemented appropriate systems of internal control over financial reporting and that these systems are operating effectively.
 - To satisfy itself that the policies and procedures for the approval of senior management's expenses, perquisites, remuneration and use of the organization's assets are regularly reviewed, compliance with conflict of interest policies are monitored, and procedures to monitor transactions between officers and the organization and to assess the adequacy of insurance coverage are regularly reviewed.
 - To satisfy itself that the Corporation's annual and interim financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles, the selection of accounting policies is appropriate and annual financial statements are approved by the Board.
 - To review the Corporation's interim and annual financial statements, management's discussion and analysis disclosure ("MD&A") and all earnings press releases before any public disclosure thereof by the Corporation.
 - To satisfy itself that adequate procedures exist for disclosure of financial information extracted or derived from financial statements, other than the public disclosure referred to directly above, and periodically assess those procedures.
 - To ensure that the financial information contained in the Corporation's quarterly reports, annual report to shareholders, MD&A, annual information form, prospectuses and other documents is accurate and complete and fairly presents the financial position and the risks of the Corporation.

- To establish and review of procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters.
 - To establish and review of procedures for the confidential and anonymous submission by employees of concerns about questionable accounting or auditing matters.
 - To annually review the performance of the Committee and report to the Board thereon.
 - To review and reassess the adequacy of this charter on a regular basis and submit any proposed revisions to the Board for consideration and approval.
 - To recommend to the Board (i) the external auditor to be nominated for election by shareholders, and (ii) the compensation of the external auditor.
 - To confirm the independence of auditors, which will require receipt from the auditor of a written statement delineating all relationships between the auditors and the Corporation and that might affect the independence of the auditors.
 - To take direct responsibility 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 for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. In carrying out any such services, the external auditor shall report directly to the Committee.
 - To ensure that the external audit function has been effectively carried out and any matter that the external auditor wishes to bring to the attention of the Board has been given adequate attention.
 - To pre-approve all non-audit services to be preformed by the external auditor, provided that the Committee may delegate to one or more of its members the authority to pre-approve such services and provided further that the pre-approval of any non-audit services by any member to whom such authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.
 - To review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
- The Committee will inquire into any other matters referred to it by the Board.