

AUDIT COMMITTEE CHARTER

VERTEX RESOURCE GROUP LTD.

The following is the full text of the Audit Committee's (the "**Committee**" or the "**Audit Committee**") charter (the "**Charter**") adopted by the Audit Committee and approved by the Board of Directors (the "**Board**") of Vertex Resource Group Ltd. (the "**Company**") on March 13, 2015.

Mandate

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the financial reports and other financial information provided by the Company to shareholders and regulatory authorities, the Company's systems of internal controls regarding finance and accounting that management and the Board have established, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee shall promote the continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices throughout all levels the Company.

The Audit Committee's primary function is to fulfill its responsibilities by carrying out the activities outlined in this Charter. The Committee is given full access, and has the authority to engage independent counsel and other advisors, as may be necessary, to the Company's management records, employees and its external auditors as necessary to carry out these responsibilities. The Committee's primary duties and responsibilities are to:

- i. Assist the Board to recruit persons to hold key positions in the financial management of the Company including the Chief Financial Officer and any other persons hired to be the primary interface between the Company and its financial agents, lenders or shareholders.
- ii. Review, approve and recommend to the Board for acceptance, prior to public release, all financial statements, the related management discussion and analysis ("**MD&A**"), and similar financial information provided by the Company to any governmental body, the shareholders of the Company or the public, including by way of press release.
- iii. Oversee management designed and implemented accounting systems and internal controls.
- iv. Recommend to the Board for consideration and further recommendation to the shareholders the appointment and compensation of the external auditors.
- v. Oversee the work of external auditors, including their qualifications, compensation and independence from the Company.

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- vi. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for anything that may be required beyond the Company's Whistleblower Policy for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters.
- vii. Satisfy itself that adequate procedures are in place for the compilation, calculation and review of the Company's disclosure of financial information, other than as described in (viii) above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures.
- viii. Oversee the audit process generally.

Composition and Terms of Office

- i. The Committee shall be comprised of no less than three members, as determined by the Board. Such appointment shall typically take place at the first Board meeting held after the date of the annual general meeting with shareholders. The appointed members shall normally hold office until the next annual meeting or until they are removed by the Board or until their successor is appointed.
- ii. Each Audit Committee member shall be "financially literate" within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members 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 breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.
- iii. At minimum, a majority of the Audit Committee members shall qualify as an "independent director" within the meaning of NI 52-110, unless the Board has determined to rely on an exemption in NI 52-110, and be free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.
- iv. The Chairman of the Audit Committee (the "**Audit Chairman**") shall be appointed by the Board. The Audit Chairman may be removed or replaced by the Board at any time.
- v. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Governance, HSE and Compensation Committee. The Board may remove and replace any member of the Committee. Any member or the Audit Chairman shall automatically cease to

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be a member of the Audit Committee on ceasing to be a director. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all of the powers of the Audit Committee, so long as a quorum remains.

Meetings

- i. The Audit Committee is required to meet in person or by telephone conference call at minimum once per quarter and will hold special meetings if circumstances require in order to discharge the duties of the Audit Committee. The meeting will be scheduled to permit timely review of the quarterly and annual financial statements and reports. The Audit Chairman, any two members of the Committee, the independent auditor or external auditor may call a special meeting of the Committee.
- ii. In normal circumstances, the Audit Chairman appointed by the Board will, in consultation with the Committee members, determine the schedule, time and place of meetings, and in consultation with management and the external auditor, establish the agenda for meetings.
- iii. A quorum for a meeting shall be a majority of the Audit Committee members, in which no less than 2 of 3 members are present in person or by conference call.
- iv. Notice of time, place of a meeting, an agenda and related materials respecting every meeting shall be given in writing or via electronic communication to each member of the Committee at least 48 hours prior to the time listed for such meetings. If the Audit Chairman is not present at any meeting of the Audit Committee, it is the responsibility of the Committee to choose a committee member to preside at and chair the meeting.
- v. Agendas will be circulated to Audit Committee members along with background information on a timely basis prior to the Audit Committee meetings. Minutes of each meeting will be recorded and reviewed for errors or omissions and then filed with the Corporate Secretary and made available to any director at any time. The Audit Committee should report on its activities at each quarterly meeting of the Board or more frequently as material issues are addressed by the Audit Committee. It will be the responsibility of the Audit Chairman to report to the Board or delegate such reporting.
- vi. Any member of the Committee may waive notice of a meeting by signifying their consent to hold such a meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a

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meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was now lawfully called.

- vii. The Audit Chairman may invite officers and employees of the Company, as well as the external auditor of the Company to attend meetings of the Audit Committee as it may see fit. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditors, and others as they consider appropriate. For greater certainty, corporate information includes information relating to the Company's affiliates, subsidiaries and their respective operations.
- viii. In order to foster open communication, the Audit Committee or the Audit Chairman should meet at least annually with management and the external auditors in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or the Audit Chairman should meet with management quarterly in connection with the Company's interim financial statements and the Audit Committee should meet not less than quarterly with the auditors, independent of the presence of management.
- ix. Decisions of the Audit Committee shall be determined by a majority of the votes cast. In case of an equality of votes, the Audit Chairman shall not be entitled to a second or casting vote and in such cases the undecided matter should be referred to the Board as a whole.

Responsibilities and Duties

In addition to the matters described above, and any other duties and authorities delegated to it by the Board from time to time, the role of the Audit Committee is to:

- i. Review and recommend to the Board changes to this Charter, as considered appropriate from time to time.
- ii. Review the adequacy and performance of the Audit Committee on an annual basis.
- iii. Review the adequacy, amount and terms of any insurance policy to be obtained or maintained by the Company with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.

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- iv. Review any new appointments to executive positions with financial reporting responsibilities and review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
- v. Review and recommend to the Board for approval the Company's financial statements, MD&A and any annual and quarterly earnings, and Annual Information Form prior to the Company publicly disclosing this information and any other reports or other financial information (including quarterly financial statements and financial press releases), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditor. The process of reviewing annual and quarterly financial statements should include, but not be limited to:
 - a. reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - b. reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - c. reviewing accounting treatment of unusual or non-recurring transactions;
 - d. ascertaining compliance with covenants under loan agreements;
 - e. reviewing financial reporting relating to asset retirement obligations;
 - f. reviewing disclosure requirements for commitments and contingencies;
 - g. reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - h. reviewing unresolved differences between management and the external auditors;
 - i. obtaining explanations of significant variances with comparative reporting periods; and
 - j. determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed.
- vi. Review with management all significant variances between comparative reporting periods in any financial statements of the Company, including

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- variances in forecasted financial information from actual results which may have been included in any public documents of the Company.
- vii. Review significant judgements made by management in the preparation of the financial statements and the view of the external auditor as to the appropriateness of such judgements.
 - viii. Review and discuss guidelines and policies with respect to risk assessment and risk management, including the processes management uses to assess and manage the Company's financial risk, major risk factors and steps taken to monitor and manage such risks.
 - ix. Oversee all work and review annually the performance and independence of the external auditor and require that the external auditor report directly to the Committee. This shall include reviewing any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information; done by independent meetings with management and the external auditor. In such a capacity, the Committee shall resolve any disagreements between management and the external auditor regarding financial reporting of the Company.
 - x. Review the audit plan for the ensuing year with management and the external auditor, and formally recommend its approval to the Board.
 - xi. Pre-approve all non-audit services to be provided to the Company by the external auditor, if any, and take all reasonable steps to satisfy that these services do not disqualify the external auditor from being classified as independent as per any applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation. The pre-approval requirement is waived with respect to the provision of non-audit services if: (i) the aggregate amount of all such non-audit services provided to the Company is not more than five percent of the total revenues paid by the Company to the external auditor during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee with authority to grant such approvals by the Committee.
 - xii. Recommend to the Board, on an annual basis for shareholder approval, the external auditor to be nominated for appointment as the external auditor for

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- the Company as well as their terms of engagement and remuneration. As such the Audit Committee shall review the basis and amount of the external auditor's fees in light of the number and nature of reports issued by the auditor, the quality of internal controls, the size, complexity and financial condition of the Company and the extent of support provided to the auditor.
- xiii. Review and approve requests for any material management consulting or other engagement to be performed by the external auditor and be advised of any other material study undertaken by the external auditor at the request of management that is beyond the scope of the audit engagement letter and related fees.
 - xiv. Review the performance of the external auditor and any proposed dismissal or non-renewal of the external auditor when circumstances warrant.
 - xv. Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has or has not taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
 - xvi. Review the integrity and sufficiency of the Company's internal control over the accounting and financial reporting process, disclosure control process and procedure within the Company. Meet with appropriate officers of the Company to discuss the effectiveness of the internal controls and information security procedures established for the Company with consultation from the external auditor. Receive reports relating to the control environment in connection with the trading activities of the Company.
 - xvii. Satisfy itself that the Company has the appropriate internal controls for safeguarding assets and for financial reporting necessary to ensure compliance with legal and regulatory requirements.
 - xviii. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
 - xix. Review with management, the auditors and, if necessary, with legal counsel, any litigation, claim or other contingency related party transactions, including tax assessments, that could have a materially adverse effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements of the Company.

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- xx. Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as the Audit Committee sees fit.
- xxi. Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- xxii. Perform any other activities as the Audit Committee deems necessary or appropriate.

The Audit Committee is responsible for upholding the Company's Whistleblower Policy:

- i. The Audit Committee shall be responsible for overseeing the Company's Whistleblower Policy and ensuring the content of this policy is upheld. This includes the anonymous submission, retention and treatment of complaints received from employees or other interested parties regarding questionable actions of the Company or any representative of the Company. These items may include but are not limited to questionable conduct with regards to financial statement disclosures, accounting, internal controls, fraud, auditing matters or other activities which may violate the Company's Code of Business Conduct.
- ii. It is the responsibility of the Audit Chairman to investigate and resolve all reported complaints and allegations concerning the Company's conduct with regards to financial disclosure, accounting practices and violations of the Company's Code of Business Conduct. The Audit Chairman shall provide a quarterly report, verbal or otherwise, to the Audit Committee and the Board outlining any complaints or allegations made against the Company. The Audit Chairman, at his sole discretion, may delegate the investigation and resolution of complaints to the Chief Executive Officer or the Chief Financial Officer of the Company.

Authority

While the Audit Committee has the responsibilities and powers set forth in its mandate, it is not the duty of the Audit Committee to prepare financial statements or plan and conduct audits. These are the responsibilities of management and the external auditor, respectively. The Audit Committee may:

- i. Engage independent outside counsel and other advisors as it determines necessary to carry out its duties.
- ii. Set and pay the compensation for any advisors employed by the Committee.

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- iii. Communicate directly with the external auditors.
- iv. The Committee shall have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
- v. The Committee is empowered to review the appropriateness and effectiveness of any activity or business practice (including related party transactions) and internal controls, which impact the financial integrity of the Company, and all employees shall be required to cooperate with the Committee.