

**PREMIUM LEISURE CORP.
INTERNAL AUDIT CHARTER**

I. PURPOSE AND SCOPE OF WORK

The purpose of Internal Audit (IA) of Premium Leisure Corp. is to provide an independent, objective assurance and consulting activity designed to add value and improve the company's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and corporate governance processes.

The scope of work of IA is to determine whether the company's network of risk management, control, and corporate governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various corporate governance groups occurs as needed.
- Significant financial, managerial, and operating information are accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Assets and resources are economically acquired, efficiently used, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the control processes of the Company.
- Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately.

II. INDEPENDENCE AND OBJECTIVITY

To provide for the independence of IA, its staff report to the Internal Audit Head or Chief Audit Executive who reports functionally to the Audit Committee and administratively to the President. A regular update on staffing and resources planning will be included as part of IA report to the Audit Committee.

The Chief Audit Executive will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner. Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively. Moreover, internal auditors will have no direct operational responsibility or authority over any of the activities audited.

III. AUTHORITY

To establish, maintain, and assure that IA has sufficient authority to fulfill its duties, the internal audit's charter as well as the risk-based internal audit plan will be approved by the Audit Committee.

A. The Internal Audit Head and staff of the IA are authorized to:

1. Have unrestricted access to all functions, records, property and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
2. Have full and free access to communicate with the Audit Committee.
3. Allocate resources, set frequencies, select subjects, determine scope of work and apply the techniques required to accomplish audit objectives.
4. Obtain the necessary assistance of personnel in units of the Company where they perform audits, as well as other specialized services from within or outside the Company.

B. The Internal Audit Head and staff of the IA are not authorized to:

1. Perform any operational duties for the organization or its affiliates.
2. Initiate or approve transactions external to Internal Audit.
3. Direct the activities of any organization employee not employed by IA, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

IV. ACCOUNTABILITY

The Internal Audit Head, in the discharge of his/her duties, shall be accountable to Audit Committee and the Senior Management to:

- a. Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the purpose and scope of work.
- b. Report significant issues related to the processes for controlling the activities of the organization and its subsidiaries, including potential improvements to those processes and provide information concerning such issues through resolution.
- c. Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.

- d. Coordinate with other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

V. RESPONSIBILITY

The Internal Audit Head and staff of the IA have the responsibility to:

- a. Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit plan to the Audit Committee for review and approval as well as its periodic updates.
- b. Implement the approved annual audit plan including any special tasks or projects mandated by the Audit Committee.
- c. Maintain a professional audit staff with sufficient collective knowledge, skills, experience, and relevant professional competencies to meet the requirements of this Charter.
- d. Ensure trends and emerging issues that could impact the organization are considered and communicated to senior management and the Audit Committee as appropriate.
- e. Issue periodic reports to the Audit Committee and Management summarizing results of audit activities, including follow up on engagement findings and corrective action.
- f. Provide a list of significant measurement goals and results to the Audit Committee.
- g. Assist in the investigation of significant suspected fraudulent activities within the Company and notify Management and the Audit Committee of the results.
- h. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.

VI. STANDARDS OF AUDIT PRACTICE

The IA staff must:

- a. Maintain effective professional relations with operating management and staff.
- b. Conduct himself/herself in a professional manner, in accordance with the Code of Ethics and Standards of the Institute of Internal Auditors (IIA).
- c. Comply with Premium Leisure Corp.'s policies and procedures.
- d. Maintain data privacy and confidentiality of information.

Approved by:

AUDIT COMMITTEE
