

# Premium Leisure Corp.

## Audit Committee Charter

This Charter establishes the purpose, composition, authority, responsibilities and operations of the Audit Committee (the “Committee”).

### 1. PURPOSE

The Committee assists and advises the Board of Directors (the “Board”) in fulfilling its oversight responsibilities to ensure the quality and integrity of the Company’s accounting, financial reporting, auditing practices, internal control systems, and adherence to over-all corporate governance best practice. The Committee also oversees the Company’s process for monitoring compliance with laws, regulations, the Code of Business Conduct and Ethics, and performs other duties as the Board may require.

### 2. COMPOSITION

The Committee shall consist of at least three (3) members of the Board, a majority of whom have to be independent directors. The Committee shall be chaired by an Independent Director.

The Chairman should not be the Chairman of the Board or of any other committee. The members should collectively possess adequate and competent understanding of audit, finance and accounting, governance, and control processes. The Committee members shall be appointed by the Board.

### 3. MEETINGS

The Committee shall meet at least four (4) times a year. The Committee may invite members of Management, auditors or others to attend meetings and provide pertinent information, as necessary. The Committee may hold private meetings with auditors and executive sessions (i.e. without the presence of Management). The quorum for the committee will be a majority of the members.

The President and/or the Committee Chairperson shall approve the agenda and ensure that the Committee members are provided advance notice of meetings, the agenda, along with appropriate briefing materials. Minutes of the meeting shall be provided to the members prior to the next meeting.

#### **4. AUTHORITY**

In pursuit of its purpose, duties and responsibilities, and so authorized by the Board, the Committee shall:

1. Endorse the appointment, re-appointment or removal of the External Auditor;
2. Approve the appointment, evaluate the performance and confirm the removal of the Chief Audit Executive;
3. Evaluate, discuss and approve the remuneration of the Chief Audit Executive;
4. Approve the budget and resource plan of the Internal Audit Department;
5. Seek any information it requires from Management, and all other employees;
6. Gain access to all records, documents, properties, assets and personnel within the Company;
7. Review the scope of work of the auditors after considering their assessment of internal controls and risks identified;
8. Obtain any external professional advice and expertise if so required; and
9. Investigate any activities within its scope of responsibilities, or as may be required by the Board.

#### **5. DUTIES AND RESPONSIBILITIES**

The Committee is duty-bound to perform and carry out the following responsibilities, categorized under eight (8) major domains:

##### **5.1 Financial Statements and Reporting**

- 5.1.1 Review the impact of significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements on the financial statements. Review with Management and the external auditors the results of the audit, including any difficulties encountered.
- 5.1.2 Review and endorse to the Board for approval, the quarterly, mid-year and annual financial statements; consider their completeness and consistency with information known to the Committee and compliance with accounting principles and standards, and regulatory requirements.
- 5.1.3 Review accuracy and completion of other sections of the annual report and related regulatory filings before release.
- 5.1.4 Understand how Management develops interim financial information, and the nature and extent of internal and external auditor involvement; and review same before filing with regulators.

## 5.2 Internal Control

5.2.1 Ensure the effectiveness of the Company's internal control system, including information technology security and risk management system.

5.2.2 Understand and review the scope of internal and external auditors' review of internal controls over financial reporting, and obtain regular reports on significant findings and recommendations, together with Management's responses.

## 5.3 Internal Audit

5.3.1 Provide oversight of the performance of the Company's Chief Audit Executive and Internal Audit Group.

5.3.2 Review with Management and the Chief Audit Executive the Charter, plans, activities, staffing and organizational structure of the internal audit function.

5.3.3 Review the effectiveness of the internal audit function, including compliance with the Institute of the Internal Auditors' Standards.

5.3.4 On a regular basis, meet separately with the Chief Audit Executive to discuss any matter that the Committee or the Internal Audit Group believe should be discussed privately.

5.3.5 Ensure the adequacy of the internal audit activity's purpose, authority and responsibility through the review and approval the Internal Audit Charter at least on an annual basis.

5.3.6 Ensure that the internal audit function has a quality assurance and improvement program, and that the results of these periodic assessments (both internal and external) are presented to the Audit Committee.

## 5.4 External Audit

5.4.1 Review the external auditors' proposed audit scope and approach.

5.4.2 Assess, review and confirm the independence and objectivity of the external auditors by obtaining certification from the latter relative to overall relationship with the Company, including non-audit services.

5.4.3 Resolve any disagreement between Management and the external auditors regarding financial reporting.

5.4.4 On a regular basis, meet separately with the external auditors to discuss any matter that the Committee or auditors believe should be discussed privately.

5.4.5 Review and monitor the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.

5.4.6 Review and monitor the external auditor's suitability and effectiveness on an annual basis.

## **5.5 Compliance**

- 5.5.1 Review and continually improve the effectiveness of the system for monitoring the results of Management's investigation and follow-up (including violations against the Code of Business Conduct and Ethics) of any instance of non-compliance.
- 5.5.2 Review the findings from any examinations by regulatory bodies, and any audit observations.
- 5.5.3 Review the process for communicating and compliance of the Code of Business Conduct and Ethics to Company personnel.
- 5.5.4 Obtain regular updates from Management and the Compliance Officer regarding compliance matters.

## **5.6 Reporting Responsibilities**

- 5.6.1 Regularly report to the Board the Committee's activities, findings, decisions, deliberations and recommendations.
- 5.6.2 Provide an open avenue of communication between and among the Internal Audit Executive, the external auditors, the Compliance Officer and the Board.
- 5.6.3 Report annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged and any other information required by regulators, including approval of non-audit services.
- 5.6.4 Review any other reports the Company issues that relate to the Committee responsibilities.

## **5.7 Fraud**

- 5.7.1 Obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud.
- 5.7.2 Oversee management's arrangements for the prevention and deterrence of fraud.
- 5.7.3 Oversee fraud investigation and undertake to investigate possible cases of fraud, when and as instructed by the Committee Chairperson and/or the President.
- 5.7.4 Ensure that appropriate action is taken against known fraud perpetrators.

## **5.8 Other Responsibilities**

- 5.8.1 Perform other activities related to this Charter as requested by the Board.
- 5.8.2 Review and assess the adequacy of the Committee Charter annually, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

5.8.3 Evaluate the Committee's and individual members' performance on a regular basis

## **6. ANNUAL REVIEW OF CHARTER**

The Committee shall conduct an annual review of this Charter and propose any enhancements as may be deemed necessary for Board approval.

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