

## **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

### **Purpose**

The Audit Committee (the “**Committee**”) is a committee of and appointed by the Board of Directors (the “**Board**”) of Crosshair Exploration & Mining Corp. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- 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;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management’s discussion and analysis of the Corporation’s financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration;
- establish procedures for the receipt of complaints and submissions relating to accounting matters;
- except as set forth below, pre-approve all audit and non-audit services provided by the Corporation’s external auditors; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct or authorize any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee to provide pertinent information as necessary. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

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 IV of this Charter.

## Authority of the Audit Committee

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors.

## Composition and Meetings

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the British Columbia Securities Commission, the Toronto Stock Exchange, the U.S. Securities and Exchange Commission, the NYSE Alternext US Exchange, the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.
2. 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 appoint from among themselves a member who shall serve as Chair.
3. Each member of the Committee shall be “independent” and “financially literate”, for the purposes of Multilateral Instrument 52-110 (“**MI 52-110**”), as it may be amended from time to time. MI 52-110 currently provides that a member is independent if the member has no direct or independent material relationship with the Corporation. A “material” relationship is one which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s judgment. There are certain relationships that are, however, deemed to be “material” under MI 52-110. In assessing a proposed nominee to the Committee, the Board shall refer to MI 52-110 and any other requirements or guidelines under applicable securities laws and any stock exchanges on which the Corporation’s securities are listed.
4. 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 shall constitute a quorum.
5. If within one hour of 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 of 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.

6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. 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 conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference 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.
9. 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.
10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
11. 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.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

## **Responsibilities**

### *Financial Accounting and Reporting Process and Internal Controls*

1. The Committee shall review the annual audited financial statements and interim financial statements of the Corporation to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles (“**Canadian and US GAAP**” as required) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements of the Corporation. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting policies, principles, practices, estimates, reserves and judgments of management with management and the external auditors, as

and when the Committee deems it appropriate to do so, and shall satisfy itself that the annual audited financial statements are accurate, complete and represent fairly the Corporation's financial position and performance and that the audit function has been effectively carried out. If desirable, the Committee may engage the Corporation's external auditors to carry out a review of the interim financial statements.

2. The Committee shall review management's discussion and analysis relating to the Corporation's annual and interim financial statements ("MD&A") MD&A and any other public disclosure documents, including annual and interim earnings press releases, required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information or files this information with securities regulatory authorities.
3. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's annual and interim financial statements, MD&A and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.
4. The Committee shall review the annual budget.
5. The Committee shall review any internal control reports prepared by management and the evaluation of such reports by the external auditors, together with management's response.
6. The Committee shall evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.
7. The Committee shall consider how management is held to account for security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
8. The Committee shall review, in consultation with the external auditors, the integrity of the Corporation's financial reporting processes, both internal and external.
9. The Committee shall consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.
10. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
11. The Committee shall consider and approve, if appropriate, major changes to the

Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditor and ensure that the management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

12. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject and assess the steps management has taken to minimize such risks, including by obtaining the external auditors' opinion of how effectively such risks are being managed or controlled.
13. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
14. The Committee shall provide oversight to related party transactions entered into by the Corporation.
15. The Committee shall review policies and procedures with respect to officers' expense accounts and management perquisites and benefits, including their expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditor, based on terms of reference agreed upon by the external auditor and the Committee.

#### *Independent Auditors*

1. The Committee shall recommend to the Board the external auditors to be nominated, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and the compensation of the external auditors.
2. The Committee shall instruct the external auditors to report directly to the Committee and ensure that significant findings and recommendations made by the external auditors are received and discussed by the Committee on a timely basis.
3. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting, and shall review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.
4. The Committee shall periodically consult the external auditors out of the presence of management about any matters that the Committee or the external auditors believes should be discussed privately, including, without limitation, significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

5. Except as otherwise indicated in this Charter, the Committee shall pre-approve all audit and non-audit services not prohibited by Canadian securities laws and regulations to be provided by the external auditors and delegate, if desirable, to one or more of its members the authority to pre-approve any such audit or permitted non-audit services, provided that any such pre-approval is presented to the Committee at its next scheduled meeting following the pre-approval.
6. The Committee shall monitor and assess the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.
7. The Committee shall monitor, review, confirm and discuss with the external auditors, on an annual basis, all significant relationships the external auditors have with the Corporation and the range of services provided to determine the independence and objectivity of the external auditors.
8. Prior to the audit, the Committee shall review the external auditors' audit plan, including the scope, procedures, timing and staffing of the audit, and the Committee may authorize the external auditors to perform supplemental reviews or audits as the Committee may deem desirable.
9. The Committee shall review with the external auditors the results of the annual audit and, if applicable, the results of the quarterly review, including matters related to the conduct of the audit and the review, as the case may be.
10. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within Canadian GAAP that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
11. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
12. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

#### *Process Improvement*

1. The Committee shall establish regular and separate systems of reporting to the Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
2. Following completion of the annual audit and quarterly reviews (if applicable), the Committee shall review separately with each of management and the external auditors

any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.

3. The Committee shall review and resolve any significant disagreements among management and the external auditors in connection with the preparation of the financial statements and, where there are significant unsettled issues, the Committee shall ensure that there is an agreed course of action for the resolution of such matters.
4. The Committee shall review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

#### *Ethical and Legal Compliance*

1. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
2. The Committee shall review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any non-compliance.
3. The Committee shall review management's monitoring of the Corporation's system that is in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
4. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
5. The Committee shall obtain regular updates from management and others, including internal and external auditors and legal counsel, concerning the Corporation's compliance with financial related laws and regulations such as tax and financial reporting laws and regulations, legal withholding requirements, occupational health and safety laws and personal information and protection of privacy laws.
6. The Committee shall be satisfied that all regulatory compliance matters have been considered in the preparation of financial statements.
7. The Committee shall review the findings of any examination by regulatory agencies.

### *Other Responsibilities*

While the Committee has the responsibilities and duties set out in this Charter, it is not the duty of the Committee to plan or conduct audits, to prepare or audit financial statements or to design or implement an effective system of internal controls. Such matters are the responsibility of management and the internal and external auditors of the Corporation, as the case may be. In addition to the responsibilities and duties of the Committee set out in this Charter, the Committee shall perform any other activities consistent with this Charter and all applicable legal, regulatory and listing requirements (including those of the applicable securities regulatory authorities and the stock exchanges on which the Corporation's securities are listed), as the Committee or the Board deems necessary or appropriate.

**Procedures for Receipt of Complaints and Submissions  
Relating to Accounting Matters**

1. The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the individual (the "Complaints Officer") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employee(s) making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.
4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission

## **Procedures for Approval of Non-Audit Services**

The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:

- (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;
  - (g) human resources;
  - (h) broker or dealer, investment advisor or investment banking services;
  - (i) legal services;
  - (j) expert services unrelated to the audit; and
  - (k) any other service that the Canadian Public Accountability Board or any other applicable regulatory authority determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services in accordance. All other non-audit services shall be approved or disapproved by the Committee as a whole as set forth herein.
  3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

This Audit Committee Charter was adopted by the Board on the 19th day of February, 2009.

By order of the Board of Directors

CROSSHAIR EXPLORATION & MINING CORP.

*Jay Sujir*

Signed \_\_\_\_\_

Jay Sujir  
Chairman