

Audit Committee Charter

I. MANDATE

It is the policy of SemBioSys Genetics Inc.(the “Corporation”) to establish and maintain an audit committee, composed of independent directors (consistent with regulatory guidelines), to assist the Board of Directors in carrying out their responsibility for the Corporation’s financial reporting, risk management, reserve evaluation and reporting, and safety and environmental compliance processes. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board of Directors including administrative support. The Committee and any individual Committee member may meet privately with any independent consultant and be free to talk directly and independently with any members of Management or consultants to the Corporation, in discharging its responsibilities. If deemed necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties or suspected improprieties, including the standing authority to retain special counsel or experts.

II. COMPOSITION

1. The Audit Committee shall consist of at least three directors selected by the Corporate Governance and Nominating Committee and approved by the full board from time to time.
2. All of the directors comprising the Audit Committee shall be “independent directors”, meaning such director has no direct or indirect material relationship with the Corporation.

III. MEETINGS

1. The Audit Committee shall convene at such times and places as may be designated by the Chair of the Audit Committee at least on a quarterly basis, and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation.
2. Notice of each meeting of the Audit Committee shall be given to each member and to the auditors, who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee or the Secretary of the Audit Committee.
3. Notice of a meeting of the Audit Committee shall:
 - (a) be in writing;
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail; to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
 - (c) be given at least 48 hours preceding the time stipulated for the meeting or such shorter period as the members of the committee may permit.
4. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee.
5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting and, in the absence of the Secretary of the Audit Committee, the members shall choose one of the persons present to be the Secretary of the meeting.
7. Senior management of the Corporation and other parties may attend meetings of the Audit Committee; however, the Audit Committee may meet separately with the auditors or with management.
8. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

IV. RESPONSIBILITIES

General Duties

1. The primary duty of the Audit Committee is to assist the Board in the proper discharge of its statutory responsibilities in regard to the review, approval and issuance of the Corporation's financial statements.
2. The Audit Committee shall also assist the Board in dealing with the Controller of the Corporation, and, the external auditors, in agreeing on the scope of the audit, implementing financial information and reporting systems, and monitoring investment policies and matters dealing, generally, with finance and compliance.
3. In the performance of any of its duties and responsibilities, the Audit Committee shall have the right to:
 - (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates; and
 - (b) discuss with the officers of the Corporation, its subsidiaries and affiliates, the Controller of the Corporation, the Corporation's internal audit department, if any, any affected party and the auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate.
4. The Audit Committee shall report the results of reviews undertaken and any associated recommendations to the Board.
5. The Audit Committee shall review the effectiveness and integrity of the Corporation's management information systems and internal financial controls.

Audits and Financial Reporting

Interim Financial Statements

The Board of Directors delegate to the members of the Audit Committee the authority and power to review, amend, authorize, approve and file the Corporation's interim financial statements and management's discussion and analysis of those interim financial statements and for each interim period thereafter, subject to such amendments, variations, deletions and additions therein and thereto as may be approved by the execution and certification of the interim financial statements and management's discussion and analysis as hereinafter provided, such approval to be conclusively evidenced by such execution and certification.

Annual Financial Statements

Annual financial statements must be reviewed by the Audit Committee before they are approved by the Board in order to (i) obtain enough information from the Corporation's auditors and management to ensure effective discussion of the statements at Board meetings; and (ii) determine that the auditor is satisfied with the financial statement content and disclosure.

In carrying out its responsibilities for the interim and annual financial statements, the Audit Committee shall:

1. Require the Corporation's external auditors to report directly to the audit committee;
2. Review the audit-plan with the Corporation's external auditors and with management;
3. Be directly responsible for overseeing the work of any external auditor engaged for the purpose of preparing or issuing an auditor's report or performing any other audit, review or attest services for the Corporation;
4. Review with management and, as deemed necessary, review with the external auditors, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
5. Review with management and with the external auditors, significant financial reporting issues arising during the fiscal period and the methods of resolution;
6. Review any problems experienced by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
7. Review audited annual financial statements, in conjunction with the report of the external auditors, and obtain an explanation from management of all significant variances between comparative reporting periods;
8. Review the post-audit or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;
9. Review before release and, if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, the annual reports, annual information forms, management's discussion and analysis and annual and interim earnings press releases;

10. Ensure adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in Item 9 above, and must periodically assess the adequacy of those procedures;
11. Review the evaluation of internal controls by the external auditor with management;
12. Review the terms of reference of the internal auditor, if any;
13. Review, if applicable, the annual reports and annual plan issued by the internal auditor including the response, if any, of management, and subsequent follow-up to any identified weaknesses;
14. Review the appointments of the chief financial officer and any key financial executives who are involved in the financial reporting process;
15. Review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities;
16. Enquire into and determine the appropriate resolution of conflicts of interest in respect of audit or finance matters between or among any officer, director, shareholder, the internal auditors, if any, or the external auditors of the Corporation, which are directed to the Audit Committee by the Chairman of the Board, the Board, a shareholder, the internal auditors, if any, the external auditors, or management;
17. Establish procedures for the (i) receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the corporation of concerns regarding questionable accounting or auditing matters;
18. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditors; and
19. Enquire into and examine any of the financial affairs of the Corporation, its subsidiaries or affiliates, or any of them and, if deemed appropriate, make recommendations to the Board, to the internal auditors, if any, to the external auditors, or to management.

V. THE EXTERNAL AUDITORS

Audit Committee practices intended to preserve the independence of the external audit shall include the following:

1. Recommending to the Board any external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing any other audit, review or attest services for the Corporation;
2. Reviewing and, if appropriate, recommending for approval by the Board, the terms of the external auditor's engagement, including the appropriateness and reasonableness of the proposed audit fees and any unpaid fees;
3. Reviewing and, if appropriate, recommending for approval by the Board, engagements for significant, unbudgeted, non-audit services to be provided by the external auditors' firm or its affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;

4. When there is to be a change of external auditors, reviewing all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation called for under securities legislation and the planned steps for an orderly transition period; and
5. Reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.