



APEX MINING CO., INC.

AUDIT COMMITTEE CHARTER

I. Overview

The Audit Committee shall assist the Board in the performance of its oversight responsibility for financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.

II. Composition

The committee shall be composed of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The Chairman shall be an independent director..

III. Duties and Responsibilities

The Audit Committee has the following duties and responsibilities, among others:

- a. Establish an Internal Audit Charter (IA Charter) for the approval of the Board, organize the Internal Audit Department, oversee the implementation of the IA Charter, and recommend the appointment of the Internal Audit Head, and the terms and conditions of his engagement or removal. The Internal Audit Head shall report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditors, they shall be free from interference by outside parties;
- b. Perform oversight functions over the corporation's internal and external auditors, It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions. The Audit Committee shall review reports submitted by the internal and external auditors;
- c. Oversee the Internal Audit (IA) Department/Internal Auditors, to monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, security of physical and information assets, and information technology security, and prepare internal control procedures and processes that will provide a system of checks and balances and to (1) safeguard the corporation's resources and ensure their effective utilization, (2) prevent occurrence of fraud and other irregularities, (3) protect the accuracy and reliability of the corporation's financial data, and (4) ensure compliance with applicable laws and regulations;
- d. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;

- e. Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- f. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to the external auditor in relation to their significance to the total income of the external auditor and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- h. Review and approve the quarterly, half year and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- i. Reviews the disposition of the recommendations in the External Auditor's management letter;
- j. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities
- k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

IV. Committee Meeting

The Audit Committee shall meet with the Board at least every quarter and periodically meets with the Internal Audit Head. All audit committee members are expected to attend each meeting in person or via teleconference or videoconference. The presence of the Chairman (who is an independent director) and another member of the committee shall constitute a quorum. The Audit Committee will invite members of management (i.e. Chief Financial Officer, Controller), internal and external auditors, or others to attend meetings and provide pertinent information as necessary. It will hold private meetings with auditors and executive sessions, if necessary.

A notice of each meeting of the committee, confirming the venue, time and date, will be prepared and sent (via email or other electronic means) to all members of the Audit Committee,

as well as members of the management, auditors, or others invited by the committee, at least two (2) weeks prior to the scheduled meeting.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

Minutes of meetings will be prepared, reviewed and approved by the members of the Audit Committee. Records of attendance will be included in the minutes.

Internal Audit Department shall keep all minutes of the meetings and make these available for inspection by any member of the Audit Committee or the Board of Directors, as when requested.

V. Secretariat and Other Support

The Internal Audit Department shall support the Audit Committee in the rendition of its functions, specifically:

1. The Internal Audit Department shall provide all the secretariat support to the Audit Committee.
2. The Internal Audit Head shall designate a member of his staff to attend all the Committee meetings, unless the Audit Committee decides otherwise, and be primarily responsible for recording the minutes of the meetings.

The Audit Committee has the authority to retain independent counsel, accountants, or others to advise the Committee or to assist in the conduct of an investigation, the remunerations of such advisers shall be recommended by the Audit Committee for approval by the Board.

VI. Review and Amendment

The Audit Committee shall review and assess the adequacy of this Charter annually, requesting Board approval for proposed changes, if any, and to ensure appropriate disclosure as may be required by law or regulations.