

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE

The audit committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Pure Technologies Ltd. (the “**Corporation**”). The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls for the Corporation.

2. COMPOSITION AND MEETINGS

The Committee shall be composed of three or more directors, as determined by the Board, each of whom shall be “independent directors” within the meaning of section 1.4 of National Instrument 52-110, Audit Committees, as may be amended from time to time. The members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board, and serve at the pleasure of the Board for one year or until their successors are duly appointed. Unless a chairman of the Committee (the “**Chair**”) is appointed by the Board, the members of the Committee may designate a Chair by a majority vote of the full membership of the Committee.

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 stock exchange requirements. The Committee may ask members of management of the Corporation or others to attend meetings or to provide information as necessary.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

Meetings of the Committee shall be held from time to time as the Committee or the Chair shall determine upon 48 hours notice to each of its members. The notice period may be waived by unanimous resolution of the Committee.

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.

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. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

Each member of the Committee shall be “independent” and “financially literate”. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the director’s independent judgment or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees. A “financially literate” director is a director who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation’s financial statements.

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Alberta Securities Commission (“ASC”), the Toronto Stock Exchange, the *Business Corporations Act* (Alberta) and all other applicable securities regulatory authorities.

3. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Committee shall be the following:

Financial Accounting and Reporting Process and Internal Controls

- a) the Committee shall review the annual audited and interim financial statements and related management’s discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and report thereon and recommend to the Board whether or not same should be approved and filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- b) the Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management’s response.
- c) 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 financial statements, management’s discussion and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.

- d) the Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or by this Charter before the Corporation publicly discloses this information.
- e) the Committee shall meet no less 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.
- f) 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.
- g) 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.
- h) the Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting and monitoring a corporate code of ethics for senior financial personnel and all employees.
- i) the Committee shall follow procedures established for:
 - a. the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- j) the Committee shall provide oversight to related party transactions entered into by the Corporation.
- k) the Committee shall establish the budget process, which shall include the setting of spending limits and authorizations, as well as periodic reports from the Chief Financial Officer comparing actual spending to the budget.
- l) the Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

External Auditors

- a) the Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attestation services for the Corporation, shall set the compensation for the

- external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- b) 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.
 - c) the pre-approval of the Committee shall be required prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
 - d) the Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
 - e) the Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
 - f) the Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
 - g) the Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within selected accounting principles that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors review.
 - h) 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.
 - i) 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.

Other Responsibilities

- a) the Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.
- b) the Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

4. REPORTING

The Committee is responsible for reviewing and submitting to the Board, as a whole, recommendations concerning the Corporation's financial affairs, code of ethics, whistleblower and corporate disclosure, confidentiality and insider trading policies.

5. AUTHORITY

The Committee shall have the authority to:

- a) engage independent counsel and other advisors including accounting or other consultants or experts 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;
- d) access, on an unrestricted basis, the books and records of the Corporation; and
- e) conduct 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.
- f) the Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.