

AUDIT COMMITTEE CHARTER

Amended July 24, 2012

1. PURPOSE

The Audit Committee is a committee of the Board of Directors of Critical Outcome Technologies Inc. (the "Corporation") established to assist the Board of Directors in fulfilling its oversight responsibilities for the accounting and financial reporting processes of the Corporation and audits of the Corporation's financial statements by carrying out the activities described in this Charter in the manner detailed by this Charter.

2. COMMITTEE MEMBERSHIP

- (a) The Board of Directors, immediately upon their election by the shareholders of the Corporation, shall appoint an Audit Committee to serve for the forthcoming year. Each member of the Audit Committee shall serve at the pleasure of the Board of Directors until the member resigns, is removed or ceases to be a director of the Corporation.
- (b) The Audit Committee shall consist of not less than three directors, none of whom shall be officers or employees of the Corporation or any of its affiliates.
- (c) The Board of Directors shall designate a member of the Audit Committee to serve as Chairman.
- (d) Each member of the Audit Committee shall:
 - (i) be a member of the Board of Directors of the Corporation;
 - (ii) be independent according to the definition of independence applicable to members of audit committees under National Instrument 52-110 ("NI 52-110") entitled "Audit Committees" of the Canadian Securities Administrators, unless otherwise approved by the Board of Directors in accordance with NI 52-110; and
 - (iii) have 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 issues that can reasonably be expected to be raised by the Corporation's financial statements, unless the financial statements are otherwise approved by the Board of Directors in accordance with NI 52-110.
- (e) The Chief Financial Officer of the Corporation shall act as secretary of the Audit Committee.

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3. MEETINGS

- (a) Meetings of the Audit Committee shall be held at least four times a year. The meetings will be scheduled to permit timely review of the Corporation's interim and annual financial statements.
- (b) Additional meetings of the Audit Committee may be called by the Chairman, any member of the Committee or the external auditor of the Corporation.
- (c) Not less than 72 hours' notice of meetings of the Audit Committee shall be given by the Chief Financial Officer together with any meeting materials, unless waived by all members of the Audit Committee.
- (d) Meetings of the Audit Committee may be held by means of conference telephone.
- (e) A resolution signed by all members of the Audit Committee shall be as effective as if passed at a meeting of the Audit Committee that was duly called and held.

4. REPORTING

- (a) The Chief Financial Officer will arrange for the preparation of minutes of the meetings of the Audit Committee in sufficient detail to convey the substance of all discussions held.
- (b) The Chairman may report orally to the Board on any matter in his/her view requiring the immediate attention of the Board.

5. RESPONSIBILITIES

In fulfilling its responsibilities, the Audit Committee shall:

- (a) review the Corporation's annual and interim financial statements and Management Discussion and Analysis prior to public disclosure of such information by the Corporation;
- (b) review the annual and interim earnings press releases, and any other press releases containing financial information related to earnings, prior to public disclosure of such information by the Corporation;
- (c) satisfy itself, on behalf of the Board of Directors, 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 (other than the public disclosure referred to in (a) above) and periodically assess the adequacy of such procedures;

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- (d) satisfy itself, on behalf of the Board of Directors, that the Corporation's annual financial statements are fairly presented in accordance with International Financial Reporting Standards (IFRS), and recommend to the Board whether the annual financial statements should be approved;
- (e) satisfy itself, on behalf of the Board of Directors, that the Corporation's interim financial statements are fairly presented in accordance with IFRS and, approve such interim financial statements on behalf of the Board of Directors as appropriate;
- (f) satisfy itself, on behalf of the Board of Directors, that the information contained in the Corporation's Annual Report to Shareholders and other financial publications such as Management's Discussion and Analysis, the Annual Information Form, if applicable, and the information contained therein is fairly presented in all material respects;
- (g) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems to identify, assess and mitigate significant business risks;
- (h) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems of internal control over financial reporting (which may include an internal audit function) and that these are operating effectively;
- (i) satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements;
- (j) establish procedures, for the receipt, retention and treatment of complaints received by the Corporation, if any, regarding accounting, internal accounting controls or auditing matters;
- (k) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns, if any, regarding questionable accounting or auditing matters;
- (l) satisfy itself, on behalf of the Board of Directors, that the external audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed; and
- (m) at least once per year, meet with the external auditor and management in separate sessions to discuss any matters that these groups believe should be discussed with the Audit Committee or that the Audit Committee believes should be discussed with these groups.

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6. RELATIONSHIP WITH THE AUDITOR

- (a) The Audit Committee shall recommend to the Board of Directors the external auditor to be nominated for appointment at the Corporation's annual meeting for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.
- (b) The Audit Committee shall satisfy itself, on behalf of the Board of Directors, that the external auditor is "independent" in accordance with applicable laws and regulatory requirements.
- (c) The Audit Committee shall recommend to the Board of Directors the compensation of the external auditor.
- (d) The external auditor is required to report directly to the Audit Committee and the Audit Committee has the authority to communicate directly with the external auditor.
- (e) The Audit Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (f) The Audit Committee shall review and approve the Corporation's hiring policies regarding current and former partners and employees of the current and former external auditor of the Corporation.

7. PRE-APPROVAL OF NON-AUDIT SERVICES

- (a) The Audit Committee shall pre-approve all services to be provided to the Corporation or its subsidiaries by the external auditor at a cost to the Corporation, individually or in aggregate, of \$25,000 or more, other than the professional services rendered by the external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.
- (b) In addition to the Pre-approval threshold amount noted in (a), the pre-approval requirement is also satisfied where:
 - (i) the Audit Committee delegates authority to pre-approve non-audit services to one or more members, which pre-approval must be presented by the member(s) to the full Audit Committee at its next scheduled meeting; or

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- (ii) the Audit Committee adopts specific policies and procedures for the engagement of non-audit services provided that: (i) the pre-approval policies and procedures are detailed as to the particular service, (ii) the Audit Committee is informed of each non-audit service, and (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.

8. AUTHORITY TO ENGAGE EXTERNAL ADVISORS

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and have the Corporation pay the compensation for such advisors.