



PURPOSE

The Audit Committee (the “Committee”) is a committee appointed by the Board of Directors (the “Board”) of Terre Haute Industries (“THI”). The Committee is established to fulfill applicable reporting issuer obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:

- oversee the integrity of THI’s financial statements and financial reporting process, including the audit process and THI’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications, independence, appointment and compensation of the independent auditor;
- oversee the work of Tahoe's financial management and independent auditor in these areas; and
- provide an open avenue of communication between the independent auditor, the Board and senior officers (“Management”).

In addition, the Committee shall prepare, if required, an audit committee report for inclusion in THI’s annual management proxy circular, in accordance with applicable rules and regulations.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that THI’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee and its Chair are members of the Board of THI, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of THI, and are specifically not accountable or responsible for the day-to-day operations or performance of such activities.

Management is responsible for the preparation, presentation and integrity of THI’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations.



The independent auditor is responsible for planning and carrying out an audit of Tahoe's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

COMPOSITION AND PROCEDURES

COMPOSITION

The Committee shall be comprised of at least three members. None of the members of the Committee shall be an officer or employee of Tahoe or any of its subsidiaries and each member of the Committee shall be an "independent" director and none of the members shall have participated in the preparation of the financial statements of THI or any current subsidiaries of THI at any time over the past three years.

All members of the Committee must be "financially literate" (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange (NYSE among others) or if it is not so defined as that term is interpreted by the Board in its business judgment or must become financially literate within a reasonable period of time after their appointment to the Committee.

ELECTION

The members of the Committee will be elected by the Board at the annual organizational meeting of the Board to hold office until the next such annual meeting, or until their successors are duly elected. Unless a Chair is elected by the full Board at the annual organizational meeting of the Board, the members of the Committee may designate a Chair by majority vote of the full membership of the Committee.

SERVICE ON MULTIPLE AUDIT COMMITTEES

If a Committee member simultaneously serves on the audit committee of more than four reporting issuers or public corporations, including THI, the Board must determine that such service would not impair the ability of the member to effectively serve on the Committee and disclose such determination in the annual proxy circular.

MEETINGS



The Committee shall meet regularly at times necessary to perform the duties described herein in a timely manner, but not less than four times a year and at any time THI proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held in person or by telephone and at any time deemed appropriate by the Committee.

SEPARATE EXECUTIVE MEETINGS

The Committee shall meet periodically in separate executive sessions with Management (including the Chief Financial Officer), and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of THI or THI's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The independent auditor will have direct access to the Committee at their own initiative.

PROFESSIONAL ASSISTANCE

The Committee may require the independent auditor to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee's duties at THI's expense. Without limiting the foregoing, THI shall provide appropriate funding, as determined by the Committee, for payment of such ordinary administrative expenses of the Committee as are necessary or appropriate in carrying out its duties.

RELIANCE

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside THI from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by Management and the independent auditor as to any information technology, internal audit and other non-audit services provided by the independent auditor to THI and its subsidiaries.

REPORTING TO THE BOARD



The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities, the performance of THI's internal audit function and compliance with this Charter.

RESPONSIBILITIES OF THE COMMITTEE

APPROVAL OF TERMS OF ENGAGEMENT OF THE INDEPENDENT AUDITOR

The Committee shall make recommendations to the holders of the common shares of THI (the "shareholders") on the appointment or reappointment of the independent auditor of THI at each meeting of shareholders where such action is being taken (with such recommendation to be reflected in the proxy circular to be furnished to the shareholders in connection with each such meeting of shareholders), and shall have authority to terminate the appointment of the independent auditor. The Committee shall approve in advance the terms of engagement and the compensation to be paid by THI to the independent auditor.

The Committee shall approve in advance all non-audit services to be provided to THI and its affiliates by the independent auditor.

REVIEW OF INDEPENDENCE

The Committee shall review the independence of the independent auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the independent auditor.

AUDITOR REPORTS

The Committee shall require the independent auditor to provide to the Committee, and the Committee shall review and discuss with the independent auditor, all reports which the independent auditor are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the auditor, and any other reports which the Committee may require.

HIRING FORMER EMPLOYEES OF THE AUDITOR

The Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor.

OVERSIGHT AND MONITORING OF AUDITS



THI shall require the independent auditor to report directly to the Committee. The Committee shall review with the independent auditor the audit function generally, the audit procedures to be used and the timing and estimated budgets of the audits. The Committee shall discuss with the independent auditor any difficulties or disputes that arose with Management during the course of the audit and the adequacy of Management's responses in correcting audit related deficiencies and the Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

OVERSIGHT AND REVIEW OF ACCOUNTING PRINCIPLES AND PRACTICES

The Committee shall, as it deems necessary, oversee, review and discuss with Management and the independent auditor:

- the quality, appropriateness and acceptability of THI's accounting principles and practices used in its financial reporting, changes in THI's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;
- all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;
- any material change to THI's auditing and accounting principles and practices as recommended by Management, the independent auditor or the internal auditor or which may result from proposed changes to applicable generally accepted accounting principles;
- the effect of regulatory and accounting initiatives on THI's financial statements and other financial disclosures;
- any reserves, accruals, provisions, estimates or Management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of THI;



- the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of THI and their impact on the reported financial results of THI;
- any legal matter, claim or contingency that could have a significant impact on the financial statements, THI's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in THI's financial statements;
- the treatment for financial reporting purposes of any significant transactions which are not a normal part of THI's operations;
- the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles; and
- Management's determination of asset impairment, if any, as required by applicable accounting standards.

OVERSIGHT OF INDEPENDENT AUDITOR

The Committee shall review and oversee the work of the independent auditor as follows:

- Review the performance of the independent auditor and approve any proposed termination of service when warranted. Consider with Management and the independent auditor the rationale for employing accounting or auditing firms other than the principal independent auditor. Present the results to the Board;
- At least annually, receive input from the Executive Chair, Chief Executive Officer and/or the Chief Financial Officer on audit quality, quality of engagement team, and relationship with the independent auditor;
- At least annually, consult with the independent auditor, out of the presence of Management, about significant risks or exposures, internal controls and other steps that Management has taken to control such risks, and the fullness and accuracy of the organization'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.



DISAGREEMENT BETWEEN MANAGEMENT AND THE INDEPENDENT AUDITOR

The Committee shall review and resolve disagreements between Management and the independent and internal auditor regarding financial reporting or the application of any accounting principles or practices.

OVERSIGHT AND MONITORING OF INTERNAL CONTROLS

The Committee shall, as it deems necessary, exercise oversight of, review and discuss with Management and the independent auditor:

- the adequacy and effectiveness of Tahoe's internal accounting and financial controls and their recommendations for the improvement of accounting practices and internal controls;
- any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
- Management's compliance with THI's processes, procedures and internal controls.

ADDRESSING ACCOUNTING COMPLAINTS

The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by THI regarding accounting, internal accounting controls or audit matters and the submission, anonymously or otherwise, by employees of concerns regarding questionable accounting or auditing matters and shall review periodically with Management these procedures and any significant complaints received.

OVERSIGHT AND MONITORING OF THI'S FINANCIAL DISCLOSURES

The Committee shall:

- review with the auditor and Management, and recommend to the Board for approval, the audited financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements, THI's annual report and any financial information of THI contained in any prospectus or information circular of THI;
- review with the auditor and Management, approve, and report to the Board regarding each set of interim financial statements and the notes and Management's Discussion and



Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of Tahoe containing or accompanying financial information of Tahoe;

- prior to their distribution, discuss earnings press releases with Management on a quarterly basis, and discuss financial information from time to time provided to analysts and ratings agencies, it being understood that such discussions may be done generally (by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each instance in which THI gives financial information; and
- The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the independent auditor.

OVERSIGHT OF RISKS

The Committee shall meet periodically with Management to review:

- THI's major financial risk exposures and the policy steps Management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities; and
- the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

OVERSIGHT OF TAHOE'S INTERNAL AUDIT FUNCTION

The Committee shall:

- review the activities and organizational structure of the internal audit function, as well as the qualifications of its personnel;
- review the significant reports to Management prepared by the internal auditor and Management's responses to such reports;
- periodically review, with the senior internal auditor, any significant difficulties, disagreements with Management, or scope restrictions encountered in the course of the internal audit function's work; and



- internal auditor’s responsibilities, the budget and staffing for the internal audit function and any recommended changes in the planned scope of the internal audit.

REVIEW OF THIS CHARTER AND PERFORMANCE OF THE COMMITTEE

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The Committee, with the assistance of Management, will ensure that this Charter is disclosed on THI’s website, and that this Charter, or a summary of it that has been approved by the Committee, is disclosed in accordance with all applicable securities laws or regulatory requirements. The performance of the Committee shall be evaluated with reference to this Charter annually.