

**CANWEL BUILDING MATERIALS GROUP LTD.
AUDIT COMMITTEE
CHARTER**

The Audit Committee (the “**Committee**”) of CanWel Building Materials Group Ltd. (the “**Corporation**”) is established in order to assist the board of directors of the Corporation (the “**Board**”) in its oversight activities. The purpose of the Committee is to assist such board in fulfilling its responsibilities of oversight and supervision of:

- the integrity of the accounting and financial reporting practices and procedures of the Corporation,
- the adequacy of the internal accounting controls and procedures of the Corporation,
- the quality and integrity of the consolidated financial statements of the Corporation, and
- the independence (as defined in National Instrument 52-110 - *Audit Committees*) and performance of the independent auditor of the Corporation.

Composition:

- The board of directors of the Corporation shall elect annually from among its members a committee to be known as the Audit Committee to be composed of at least three directors who are “unrelated” directors (within the meaning of the Toronto Stock Exchange corporate governance guidelines), who are independent of the Corporation and each of whom is financially literate (as defined in National Instrument 52-110 - *Audit Committees*) (or will become so within a reasonable period of time following his or her appointment).
- A member of the Committee who sits on the board of directors of an affiliated entity is exempt from the requirement that he or she be independent if that member, except for being a director (or member of the audit committee or any other board committee) of the Corporation and the affiliated entity, is otherwise independent of the Corporation and the affiliated entity, provided that the boards have determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.
- If a member of the Committee ceases to be independent for reasons outside that member’s reasonable control, that member is exempt from the requirement to be independent for a period ending on the later of:
 - (a) the next annual meeting of the Corporation; and
 - (b) the date that is six months from the occurrence of the event which caused the member to not be independent,provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.
- Where the death, disability or resignation of the member of the Committee has resulted in a vacancy on the Committee that the Board is required to fill, a member appointed to fill such vacancy is exempt from the requirements to be independent and financially literate for a period ending the later of:
 - (a) the next annual meeting of the Corporation; and
 - (b) the date that is six months from the day the vacancy was created,provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

Reports:

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the consolidated financial statements of the Corporation, its compliance with legal or regulatory requirements, and the performance and independence of the independent auditor.

Responsibilities:

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

Financial Statements and Other Financial Information

The Committee shall:

- (i) review the Corporation's consolidated annual audited financial statements and related documents prior to any public disclosure of such information;
- (ii) review the Corporation's consolidated interim unaudited financial results and related documents prior to any public disclosure;
- (iii) following a review with management and the independent auditors of such annual and interim consolidated financial statements and related documents recommend to the Board the approval of such financial statements and related documents;
- (iv) review with management and/or the independent auditors all critical policies and practices used as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements that may affect the consolidated financial statements;
- (v) review with management and/or the independent auditors the treatment in the financial statements of any significant transactions, and other potentially difficult matters;
- (vi) review a summary provided by legal counsel to the Corporation of the status of any material pending or threatened litigation, claims and assessments respecting the Corporation and its subsidiaries; and
- (vii) review the other annual financial reporting documents as well as management's discussion and analysis and earnings press releases of the Corporation prior to any disclosure to the public.

Financial Reporting Control Systems

The Committee shall:

- (viii) require management to implement and maintain appropriate internal controls, and use reasonable efforts to satisfy itself as to the adequacy of the policies for the management of risk and the preservation of assets and the fulfillment of legislative and regulatory requirements;
- (ix) annually, in consultation with management, the independent auditors and if applicable the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy and integrity of the consolidated financial reporting processes and internal controls; discuss significant financial risk, exposures and the steps management has taken to monitor, control and report such exposures;
- (x) if applicable, meet separately with the officer or employee responsible for the internal audit function to discuss any matters that the Committee or auditors believe should be discussed in private;

- (xi) submit to the Board any recommendations the Committee may have from time to time with respect to financial reporting, accounting procedures and policies and internal controls;
- (xii) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;
- (xiii) review the management letter of the independent auditors and the responses to suggestions made;
- (xiv) review any new appointments to senior positions of the Corporation with financial reporting responsibilities;
- (xv) satisfy itself that adequate procedures are in place for the review of the disclosure of financial information extracted or derived from the consolidated financial statements (other than the financial statements, management's discussion and analysis and earnings press releases) and periodically assess the adequacy of those procedures;
- (xvi) establish procedures for:
 - (A) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters; and
 - (B) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (xvii) review and approve hiring policies of the Corporation regarding employees and former employees of the present and former independent auditors of the issuer; and
- (xviii) obtain assurance from independent auditors regarding the overall control environment and the adequacy of accounting system controls.

Independent Auditors

The Committee shall:

- (xix) review the audit plan with the independent auditors;
- (xx) discuss in private with the independent auditors matters affecting the conduct of their audit and other corporate matters;
- (xxi) review the performance and the remuneration of the auditors;
- (xxii) recommend to the Board each year the retention or replacement of the independent auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
- (xxiii) if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;
- (xxiv) annually review and recommend for approval to the Corporation's shareholders the terms of engagement and the remuneration of the independent auditor;
- (xxv) oversee the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, including the resolution of disagreements between management and the independent auditors regarding financial reporting;
- (xxvi) discuss with the auditors the quality and not just the acceptability of the accounting principles of the Corporation;

- (xxvii) meet with the auditors on a regular basis in the absence of management;
- (xxviii) relay its expectations to the auditors from time to time including its expectation that:
- (A) any disagreements of a material nature with management be brought to the attention of the Committee,
 - (B) that the auditors are accountable to the Committee and the Board, each as representatives of the Corporation's shareholders, and must report directly to the Committee,
 - (C) any irregularities in the financial information be reported to the Committee,
 - (D) the auditors explain the process undertaken by them in auditing or reviewing the financial disclosure,
 - (E) the auditors disclose to the Committee any significant changes to accounting policies or treatment of the Corporation,
 - (F) the auditors disclose to the Committee any reservations they may have about the financial statements or their access to materials and/or persons in reviewing or auditing such statements, and
 - (G) the auditors disclose any conflict of interest that may arise in their engagement;
- (xxix) review at least annually the non-audit services provided by the auditors for the purposes of getting assurance that the performance of such services will not compromise the independence of the independent auditors; and
- (xxx) pre-approve all non-audit services to be provided to the Corporation by its independent auditors or the independent auditors of its subsidiary entities¹, provided that the Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of this requirement. The preapproval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

Structure:

- The Committee shall appoint one of its members to act as Chairman of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the "Secretary"). The Secretary does not have to be a member of the Committee or a director of the Corporation, and can be changed by simple notice from the Chairman.
- The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than four times a year. Meetings will be at the call of the Chairman. Notwithstanding the foregoing, the auditors or any member of the Committee may call a meeting of the Committee on not less than 48 hours' notice.
- No business may be transacted by a Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.

¹ The Committee may satisfy the pre-approval requirement if: (a) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount paid by the Corporation to its independent auditors during the fiscal year in which the services are provided; (b) the services were not recognized by the Corporation at the time of the engagement to be non-audit services; and (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

- Any member of a Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of the Corporation's shareholders after his or her election as a member of the Committee.
- The auditors shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation to attend and be heard thereat.
- The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise determined by resolution of the Board.
- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

Independent Advice:

In discharging its mandate, the Committee shall have the authority to retain and receive advice from special legal, accounting or other advisors.

Annual Evaluation:

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with its terms of reference.
- Review and assess the adequacy of its terms of reference and recommend to the Board any improvements to its terms of reference that the Committee determines to be appropriate.

Limitation:

Nothing in this charter is intended to or shall have the effect of limiting or impairing the independent decision making authority or responsibility of any board of directors of a subsidiary of the Corporation mandated by applicable law.