

MAJOR DRILLING GROUP INTERNATIONAL INC.

AUDIT COMMITTEE CHARTER

I. Audit Committee Purpose

The Audit Committee (the “Committee”) is a committee of the board of directors (the “Board”) of Major Drilling Group International Inc. (the “Corporation”), appointed by and reporting to the Board, whose primary function is to manage and maintain the effectiveness of the financial aspects of the governance and reporting structure of the Corporation. References to the Corporation in this Charter also include references to the subsidiaries of the Corporation where the context permits.

II. Committee Composition, Appointment and Procedures

1. Structure and Composition of Committee

The Committee shall be comprised of not less than three directors of the Corporation, all of whom must at all times be independent in accordance with applicable regulatory and stock exchange requirements.

2. Financial Literacy

All members of the Committee shall 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 financial statements of the Corporation.

3. Appointment of Committee Members

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board, upon the recommendation of the Corporate Governance and Nominating Committee.

4. Vacancies

(a) Where a vacancy occurs at any time in the membership of the Committee, it may only be filled by the Board.

(b) The Board shall fill any vacancy if the membership of the Committee is less than three members.

5. Committee Chair

The Board shall appoint a Chair for the Committee. The Chair of the Committee shall fulfill the duties as set out in the Terms of Reference, as provided to each Committee Chair.

6. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside as chair at the meeting.

7. Secretary of Committee Meetings

The Corporate Secretary of the Corporation shall serve as the secretary at each meeting of the Committee.

8. Meetings

(a) The Chair of the Committee or the Chair of the Board or any two members of the Committee may call a meeting of the Committee.

(b) The Committee shall meet at such times during each year as it deems appropriate, provided that the Committee shall meet not less than four times per year.

(c) The Committee will ordinarily meet in camera at the end of each of its formal meetings and may meet in camera at any other time as required.

(d) There shall be three senior management personnel available for meetings of the Committee at the request of the Chair of the Committee. These three persons will be those persons holding the positions of Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation. The Chair of the Committee may request the attendance of other officers of the Corporation at any meeting of the Committee.

(e) Representatives of the external auditors shall be available for Committee meetings at the request of the Chair of the Committee.

(f) Committee meetings may be held in person, by video-conference, by telephone or by any combination of the foregoing.

9. Quorum

A majority of the members of the Committee present, in person, by video-conference, by telephone or by any combination of the foregoing, shall constitute a quorum.

10. Notice of Meetings

(a) Notice of the time and place of every Committee meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.

(b) Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. Review of Charter

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

III. Responsibilities of the Committee

12. The Committee shall:

(a) Review all of the Corporation's quarterly unaudited and annual audited financial statements (and related notes and management's discussion and analysis in each case) and accompanying reports to the shareholders, related annual and interim earnings press releases, and guidance disclosure prior to the release thereof, and make recommendations for approval thereof to the Board;

(b) Review and ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than that described in the above paragraph, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;

(c) in the case of the annual audited financial statements, review:

(i) the appropriateness of the Corporation's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

(ii) the existence and substance of significant accruals, estimates, or accounting judgements, and the level of conservatism.

(iii) unusual or extraordinary items, transactions with related parties, and adequacy of disclosures.

(iv) asset and liability carrying values.

(v) income tax status and related reserves.

(vi) qualifications contained in letters of representation.

(vii) assurances of compliance with covenants in trust deeds or loan agreements.

(viii) business risks, uncertainties, commitments, and contingent liabilities.

(ix) the adequacy of explanations for significant financial variances between years.

(d) Make recommendations to the Board for approval with respect to:

(i) the selection and appointment or reappointment of external auditors to conduct the annual audit of the Corporation's annual financial statements and review of the Corporation's quarterly financial statements (and related notes and management's discussion and analysis in each case).

(ii) the compensation of the external auditors.

(e) Oversee the external audit process, including:

(i) assessing the independence of external auditors.

(ii) reviewing of the external audit plan comprising a fee estimate, objectives, scope, materiality, timing, locations to be visited, areas of audit risk, and co-ordination with internal auditors.

(iii) reviewing of audit reports and reviews and findings, including corresponding management responses, and resolving any disagreements between management and the external auditor.

(iv) establishing, from time to time, pre-approval arrangements for specific categories of permitted audit related services.

(v) private discussions regarding the quality of financial personnel, the level of co-operation received, unresolved material differences of opinion or disputes, and the effectiveness of the work of the internal auditors.

(f) Oversee the external non-audit process, including:

(i) pre-approving the nature of any non-audit services to be provided by the external auditors and any material mandates by the external auditors, the fees charged by the external auditors for such services and the impact on the independence of the external auditors provided that the external auditors are prohibited from providing appraisal or valuation services, fairness opinions, actuarial services, internal audit outsourcing services, management functions or human resources, bookkeeping or other services relating to accounting records or financial statements or financial information systems design or implementation.

(ii) information as to the non-audit services provided by the external auditors, the fees charged by the external auditors for such services and the impact on the independence of the external auditors.

(g) Oversee any existing internal audit function including:

(i) reviewing the annual audit plan including risk assessment, the location and activities selected to ensure appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological), and organizational reporting structure.

- (ii) reviewing audit progress, findings, recommendations, responses, and follow up actions.
 - (iii) private discussions as to internal audit independence, co-operation received from management, interaction with the external auditors, and any unresolved material disagreements with management.
 - (iv) annual approval of audit mandate.
 - (v) monitoring of compliance with the financial components of the Corporation's code of conduct.
- (h) Review the effectiveness of, and periodically assess the adequacy of, control and control systems utilized by the Corporation in connection with financial reporting and other identified business risks.
- (i) Review with senior management and the external auditors the audits of subsidiaries performed by different external auditors, including significant issues and recommendations.
- (j) Review incidents of fraud, illegal acts and conflicts of interest.
- (k) Review material valuation issues.
- (l) Review the quality and accuracy of computerized accounting systems, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.
- (m) Review with senior management, the external auditors and legal counsel any litigation claim or other contingency that could have a material effect upon the financial position or operating results of the Corporation with a view to appropriate disclosure.
- (n) Review material matters that come before audit committees of subsidiaries.
- (o) Review cases where management has sought accounting advice on a specific issue from an accounting firm other than the external auditors.
- (p) Review policies and practices concerning officers' expenses and perquisites and, where appropriate, refer any issue to the Compensation Committee or to the Board.
- (q) Establish financial whistleblowing procedures for:
- (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (r) 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.

13. The Committee may, at the request of the Board, investigate such other matters as the Board considers appropriate in the circumstances.

IV. Resources, Meetings and Reports

14. The Committee shall have adequate resources to discharge its duties and responsibilities. The Committee may, at the Corporation's sole expense, engage, and set and pay the compensation for, such independent counsel, consultants and other advisors as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities. The Committee shall have the authority to obtain advice and assistance from internal or external legal or other advisors

15. The Committee shall have the authority to communicate directly with the auditors of the Corporation. The external auditors of the Corporation and the internal auditor shall report directly to the Committee.

16. At the request of the Chair of the Committee, the Chair of the Board shall be an ex officio member of the Committee if not otherwise appointed as a member of the Committee.

17. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.

18. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.

19. The members of the Committee shall have the right, for the purposes of discharging the duties and responsibilities of the Committee, to inspect any relevant records of the Corporation.