

MUSTANG MINERALS CORP.

AUDIT COMMITTEE CHARTER

The Audit Committee of the Board of Directors (the “Committee”) has the responsibilities and duties as outlined below:

1. MANDATE

The mandate of the Committee is:

- (a) To perform such duties as may be required by applicable legislation, regulations and policies including those of the Ontario Securities Commission (“OSC”), the Toronto Stock Exchange and/or the TSX Venture Exchange (collectively, the “TSX”) as more fully described under the heading “Duties” below.
- (b) To assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities for:
 - (i) the integrity of the Corporation’s financial statements;
 - (ii) the Corporation’s compliance with legal and regulatory requirements;
 - (iii) the external auditor(s)’ qualifications and independence;
 - (iv) the performance of the Corporation’s independent auditors; and
 - (v) the system of internal control over financial reporting (“internal controls”).
- (c) To perform such other duties as may from time to time be assigned to the Committee by the Board.

2. AUTHORITY

The Committee has authority to:

- (a) conduct or authorize investigations into any matters within its scope of responsibility;
- (b) retain independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation;
- (c) meet with Corporation officers, external auditors and outside counsel, as necessary; and
- (d) determine appropriate funding for independent advisors.

3. DUTIES

The Committee shall:

- (a) Financial Information
 - (i) review the quarterly and annual consolidated financial statements of the Corporation prior to approval by the Board and disclosure to the public, which review should include discussion with management and external auditors of significant issues regarding the financial results, accounting principles, practices and management estimates and judgments;
 - (ii) review the quarterly and annual Management’s Discussion & Analysis (“MD&A”) of the Corporation’s current financial results, position and future prospects prior to review and approval by the Board;

- (iii) review earnings press releases and earnings guidance press releases;
- (iv) discuss significant financial risk exposures and the steps management of the Corporation has taken to monitor, control and report such exposures;
- (v) review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards;
- (vi) review the Corporation's Annual Information Form; and
- (vii) review the process relating to and all certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Corporation's quarterly and annual consolidated financial statements as may be required under applicable securities legislation.

(b) Compliance

- (i) review investments and transactions that could adversely affect the well-being of the Corporation which may be brought to its attention by the external auditor(s) or by any officer of the Corporation;
- (ii) review the period reports on litigation matters;
- (iii) annually, review the Corporation's Environmental Policy and evaluate the Corporation's effectiveness in complying with that policy; and
- (iv) annually, review the Charter for the Committee and evaluate the Committee's effectiveness in fulfilling its mandate.

(c) Internal Controls

- (i) require Corporation management to implement and maintain appropriate internal control procedures over financial reporting and review, evaluate and approve these procedures;
- (ii) establish procedures for processing complaints regarding accounting, internal controls or auditing matters; and
- (iii) establish procedures for responding to complaints regarding environmental matters.

(d) External Auditors

- (i) have responsibility for the oversight of the external auditor(s) who shall report directly to the Committee;
- (ii) retain and terminate the Corporation's external auditor(s), subject to shareholder ratification;
- (iii) review the annual audit plan and letter(s) of engagement;
- (iv) at least annually review the report of the external auditor(s);
- (v) review and recommend to the Board the annual fee for the audit, review the Corporation's audit related expenses and pre-approve permitted non-audit services;
- (vi) approve any significant non-audit relationship with the external auditor(s);
- (vii) meet with the external auditor(s) and with management to discuss the quarterly and the annual consolidated financial statements including the Corporation's disclosure under MD&A; and

- (viii) review with the external auditor(s) any audit problems or difficulties and management's response.
- (e) Reporting / Other Duties
 - (i) report to the Board on the proceedings of each Committee meeting and on the Committee's recommendations at the next regularly scheduled Board meeting;
 - (ii) provide for an open avenue of communication between internal audit, the external auditors and the Board of Directors;
 - (iii) institute and oversee special investigations as needed.

4. COMPOSITION

(a) Structure

- (i) The Committee shall be composed of not less than three directors, a majority of whom must be resident Canadians and a majority of whom must be "unrelated directors".
- (ii) Each member of the Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices.

(b) Independence

- (i) A majority of the members of the Committee must not be current officers or employees of the Corporation or of any of its subsidiaries or affiliates nor have been such within the 36 months prior to his appointment. A majority of the members must not be persons who are affiliated with the Corporation or of any of its subsidiaries or affiliates as determined by the Board.
- (ii) Directors' fees (annual retainer and/or attendance fees) and incentive stock options are the only compensation a member of the Committee may be paid by the Corporation.

(c) Appointment of Committee Members

Members are appointed or reappointed annually by the Board, such appointments to take effect immediately following the annual meeting of the shareholders of the Corporation. Members shall hold office until their successors are appointed or until they cease to be Directors of the Corporation.

(d) Vacancies

Vacancies may be filled for the remainder of the current term of appointment of members of the Committee by the Board.

(e) Appointment and Qualifications of Committee Chair

The Board shall appoint from the Committee membership a Chair for the Committee to preside at meetings. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at that meeting.

5. MEETINGS

- (a) Calling of Meetings. Meetings of the Committee may be called by:

- (i) the Chair,
 - (ii) any member of the Committee; or
 - (iii) the External Auditors.
- (b) The Committee may call a meeting of the Board to consider any matter of concern to the Committee.
- (c) The Committee shall not transact business at a meeting unless a majority of the members present are resident Canadians except where:
 - (i) a resident Canadian member who is unable to be present approves in writing or by telephonic, electronic or other communications facilities the business transacted at the meeting; and
 - (ii) a resident Canadian majority of members would have been present if the absent member had been present.
 - (iii) Any resolution consented to at any time during the Corporation's existence by the signatures of all the members of the Audit Committee is as valid and effective as if passed at a meeting of the members of the Audit Committee duly called, constituted and held for that purpose.

(d) Notice of Meetings

Notice of meeting of the Committee shall be sent by prepaid mail, by personal delivery or other means of transmitted or recorded communication or by telephone at least 12 hours before the meeting to each member of the Committee at the member's address or communication number last recorded with the Secretary. A Committee member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

(e) Notice to the Internal Auditor and External Auditor(s)

The external auditor(s) are entitled to receive notice of every meeting of the Committee and to attend and be heard at each meeting and to have the opportunity to discuss matters with the independent directors, without the presence of management.

(f) Frequency

The Committee shall meet at least quarterly.

(g) Quorum

The quorum for a meeting of the Committee shall be 40% of the number of members, subject to a minimum of two members.

(h) Secretary and Minutes

- (i) The Chief Financial Officer of the Corporation shall act as Secretary of the Committee.
- (ii) Minutes of meetings of the Committee shall be recorded and maintained by the Secretary of the Committee and subsequently presented to the Committee and to the Board, if required by the Board.