



ATRIUM MORTGAGE INVESTMENT CORPORATION

AUDIT COMMITTEE CHARTER

Introduction and Purpose

The board of directors of Atrium Mortgage Investment Corporation has delegated the responsibilities, authorities and duties described below to the audit committee.

The purpose of the committee is to provide assistance to the board in fulfilling its oversight responsibility relating to: (i) the integrity of Atrium's financial statements; (ii) Atrium's compliance with legal and regulatory requirements; and (iii) the independent auditors' qualifications and independence.

The committee may retain (and set and pay the compensation) of such outside legal, accounting or other advisors as it considers necessary to carry out its duties. In fulfilling its purpose, it is the responsibility of the committee to maintain free and open communication between itself, independent auditors and management, and to determine that all parties are aware of their responsibilities.

Composition and Membership

The committee shall consist of at least three directors appointed by the board to hold office until their successors are appointed. Unless a committee chair is elected by the full board, the members of the committee may designate a chair by majority vote.

Independence

Each member shall be independent as defined by National Instrument 52-110 – *Audit Committees* and in such regard shall have no direct or indirect material relationship with Atrium that could, in the view of the board, reasonably interfere with the exercise of a member's independent judgment.

Financially Literate

Each member shall be financially literate or must become financially literate within a reasonable period of time. For these purposes, an individual is financially literate if he or she has 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 Atrium's financial statements.

Meetings

The committee shall meet at least four times annually, or more frequently as circumstances dictate. A majority of the committee members constitutes a quorum for the transaction of business. The committee will meet separately and periodically with management and with the independent auditors, and there will be the opportunity for such *in camera* sessions at every committee meeting. The committee will report regularly to the board with respect to its activities. Meetings may be in person or by telephone.

Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this charter. Management is responsible for the preparation, presentation, and integrity of Atrium's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by Atrium, and for implementing and maintaining internal control over financial reporting. The independent auditors are responsible for auditing Atrium's financial statements and for reviewing Atrium's unaudited interim financial statements if requested to do so.

The principal duties and responsibilities of the committee are set out below with the understanding that the committee may supplement them as appropriate. At all times, the committee will take actions that set an appropriate tone for quality external financial reporting and the highest standards of ethical behaviour.

The specific responsibilities of the committee are as follows:

1. Make regular reports to the board.
2. Recommend to the board: (i) the independent auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Atrium; and (ii) the compensation of the independent auditor, and pre-approve any non-audit services provided by the independent auditors. The committee is directly responsible for the oversight of the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. The independent auditors report directly to the committee.
3. At least annually, the committee will obtain and review a report by the independent auditors describing: (i) the firm's internal quality control processes; (ii) sanctions made by any government or professional authorities, respecting independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and Atrium, to assess the auditors' independence.
4. Annually evaluate the auditors' qualifications, performance and independence. Such evaluation will include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management.
5. Determine that the independent audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under Canadian independence standards.
6. Discuss with the independent auditors the overall scope and plans for the audits.
7. Review with the independent auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditors' activities or access to requested information, and management's response. The committee will review any accounting adjustments that were noted or proposed by the auditors but were not booked (as immaterial or otherwise); and any management or internal control letter issued.
8. Review and recommend approval of the quarterly financial statements and annual audited financial statements to the board, including Management's Discussion and Analysis, with management and the independent auditors prior to the issuance and/or filing of same. (References in this paragraph to the independent auditors apply to the quarterly financial statements only if a review by the auditors has been undertaken.) The review of the financial statements includes: (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in Atrium's selection or application of accounting principles, and major issues as to the adequacy of Atrium's internal controls and any specific remedial actions adopted in light of material control deficiencies; (ii) discussions with management and the independent auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the judgment of both management and the independent auditors about the quality of accounting principles; and (iv) the clarity of the disclosures in the financial statements. Also, the committee will discuss the results of the annual audit and any other matters required to be communicated to the committee by the independent auditors under professional standards.
9. Review and approve related party transactions not in the ordinary course of business to the extent that such matters are not reviewed and approved by the full board.

10. Review and approve earnings press releases.
11. Discuss with management and the independent auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified.
12. Review with management Atrium's compliance systems with respect to legal and regulatory requirements.
13. Ensure there are adequate procedures in place for the review of Atrium's public disclosure of financial information extracted or derived from Atrium's financial statements, and assess the adequacy of those procedures at least annually.
14. Ensure there are appropriate policies and procedures for the receipt, retention, and treatment of complaints received by Atrium regarding accounting, internal accounting controls, or auditing matters, as well as any confidential, anonymous submission by employees of Atrium, or its manager ,of concerns regarding questionable accounting or auditing matters.
15. Ensure that Atrium has in effect hiring policies for employees or former employees of the independent auditors that meet Canadian independence standards and applicable stock exchange listing requirements.
16. Evaluate its performance at least annually to determine whether it is functioning effectively.
17. Review and reassess this charter annually.

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