

AUDIT COMMITTEE MANDATE

1. ESTABLISHMENT OF COMMITTEE

1.1 Establishment of the Audit Committee Confirmed

The establishment of the audit committee of the board of directors of Points International Ltd., is hereby confirmed with the purpose, constitutions and responsibilities herein set forth.

1.2 Certain Definitions

In this mandate:

- (a) “Board” means the board of directors of Points International;
- (b) “Chair” means the chair of the Committee;
- (c) “Committee” means the audit committee of the Board;
- (d) “Director” means a member of the Board;
- (e) “External Auditor” means the person occupying the office of auditor of the Corporation in accordance with the *Canada Business Corporations Act*;
- (f) “Mandate” means this written mandate of the Committee and any such mandate for the Committee which the Board resolves from time to time shall be the mandate of the Committee; and
- (g) “Points International” or the “Corporation” means Points International Ltd.

2. PURPOSE AND OBJECTIVE

2.1 Purpose

The Committee's purpose is to assist the Board in the discharge of its obligations in connection with:

- (a) the integrity of the company's financial statements;
- (b) the company's compliance with legal and regulatory requirements;
- (c) the independent auditor's qualifications and independence; and
- (d) the integrity of the company's internal control and management information systems.

2.2 Discharge of Responsibilities

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section 8 of this Mandate.

3. AUTHORITY AND OUTSIDE ADVISERS

3.1 Information from Employees

The Board authorizes the Committee, within the scope of its responsibilities, to seek information it requires from any employee.

3.2 Outside Advisors

The Committee shall also have the authority to retain (and terminate) such outside legal, accounting or other advisors as it may consider appropriate and shall not be required to obtain the

approval of the Board in order to retain or compensate such advisors. The Committee shall have sole authority to approve related fees and retention terms.

4. COMMITTEE MEMBERSHIP

4.1 Number of Members

The Committee shall consist of not fewer than three Directors.

4.2 Independence of Members

The members of the Committee shall be independent directors as defined in NI 52-110, the NASDAQ Listing Rules and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934.

4.3 Financial Literacy

- (a) Requirement - Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.
- (b) Definition - "Financially literate" shall mean that the Director has the ability to read and understand a set of financial statements that present the breadth and 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 Company's financial statements.

4.4 Financial Expert

Unless approved by the Board, the Committee shall have at least one financial expert as defined under Item 407 of Regulation S-K under the Securities Exchange Act of 1934.

4.5 Annual Appointment of Members

The members of the Committee shall be appointed by the Board. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.

4.6 Vacancy

The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors.

5. COMMITTEE CHAIR

5.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair from among its members). If, at any meeting, the Chair is not in attendance, then the directors present shall be responsible for choosing one of their number to be chair of the meeting and for delivering a casting vote, as necessary.

5.2 Chair to be Appointed Annually

The designation of its Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5.3 Casting Vote

In case of an equality of votes, the Chair in addition to his original vote shall have a second or casting vote.

6. COMMITTEE MEETINGS

6.1 Quorum

A quorum of the Committee shall be a majority of its members. No business shall be transacted by the Committee except at a meeting at which a quorum of the Committee is present.

6.2 Secretary

The Secretary of the Committee will be the Secretary of the Board, unless otherwise appointed by the Chair. The Secretary may, but need not, be a member of the Committee.

6.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least quarterly. In addition, meetings may be called by any member of the Committee or by the External Auditor on two days notice (exclusive of the day on which notice is sent but inclusive of the day for which notice is given).

6.4 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

6.5 Invitees

The External Auditor, the Chief Executive Officer and the Chief Financial Officer of Points International shall be entitled to receive notice of and to be heard at each meeting of the Committee, as non-voting observers. The Committee may additionally invite Directors, officers and employees of Points International or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

6.6 In Camera Sessions with External Auditor

As part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements or at which the Committee reviews the interim financial statements, the Committee shall meet separately with each of:

- (a) the Chief Financial Officer; and
- (b) the External Auditor.

No minutes of the in camera sessions will be taken unless the Chair of the meeting requests in writing that the discussion be added to the meeting minutes.

7. REMUNERATION OF COMMITTEE MEMBERS

7.1 Director Fees Only

No member of the Committee may earn fees from Points International or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options or other in-kind consideration ordinarily available to Directors, as well as all of the regular benefits that other Directors receive).

7.2 Other Payments

For greater certainty, no member of the Committee shall accept any consulting, advisory or other compensatory fee from Points International and its affiliates.

8. **DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

8.1 Financial and Related Information

- (a) **Financial Reporting** - The Committee shall only review annual and interim financial reports and related financial documents for release to the public after the External Auditor has reviewed such material (if applicable) and the Chief Financial Officer has completed and signed a disclosure checklist regarding key areas affecting Directors' liability. The Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must periodically assess the adequacy of those procedures.
- (b) **Financial Statements** - The Committee shall review and discuss with management and the External Auditor, Points International's annual and interim financial statements and related MD&A and report thereon to the Board before the Board approves those statements.
- (c) **Accounting Treatment** - The Committee shall review and discuss with management and the External Auditor on a timely basis:
 - i. major issues regarding accounting policies, principles and financial statement presentations, including any significant changes in Points International's selection or application of accounting principles and major issues as to the adequacy of Points International's internal controls and any special audit steps adopted in light of material control deficiencies;
 - ii. analyses prepared by management and the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of alternative GAAP methods on the financial statements;
 - iii. the effect on the financial statements of Points International of regulatory and accounting initiatives and issues, as well as off-balance sheet transactions, structures, obligations (including contingent obligations) and other relationships of Points International with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of Points International;
 - iv. the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
 - v. any financial information or financial statements in prospectuses and other offering documents;
 - vi. the management certifications of the financial statements as may be required by applicable securities laws in Canada or otherwise, and all certifications and reports of any disclosure committee established by management from time to time; and

- vii. any other relevant reports or financial information submitted by Points International to any governmental body, or the public.
- (d) Discussion of Accounting Treatments - The Committee shall have direct communication channels with the External Auditor to discuss and review specific issues as appropriate.
- (e) Disclosure of Other Financial Information - The Committee shall discuss with management and the External Auditor:
 - i. the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases paying particular attention to any use of “pro forma” or “adjusted” non-GAAP, information; and
 - ii. financial information and earnings guidance (if any) provided to analysts and rating agencies.
- (f) Review of Communications - The Committee shall review with the External Auditor all material written communication between the External Auditor and management including, but not limited to, the management letter and schedule of unadjusted differences.

8.2 External Auditor

- (a) Authority with Respect to External Auditor - As the representative of Points International's shareholders, the Committee shall be directly responsible for Points International's relationship with the External Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company (including the resolution of disagreements between management and the external auditor regarding financial reporting). In this capacity, the Committee shall have sole responsibility for recommending to the Board the person to be proposed to Points International's shareholders for appointment as external auditor and whether at any time the incumbent external auditor should be removed from office as well as the compensation of the external auditor. The Committee shall require the External Auditor to acknowledge in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.
- (b) Competency of External Auditor - Once each year (and otherwise as the Chair may consider appropriate) the Committee shall review with the External Auditor its performance and that of the lead audit partner and obtain and review a report by the External Auditor describing the External Auditor's internal quality-control procedures.
- (c) Review of Audit Problems - The Committee shall review with the External Auditor any audit problems or difficulties and management's response.
- (d) Independence - The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process:
 - i. The Committee shall require the External Auditor to submit on an annual basis to the Committee, a formal written statement delineating all relationships between the External Auditor and Points International and that the Committee is responsible for actively engaging in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the

External Auditor and for recommending that the Board take appropriate action in response to the External Auditors' report to satisfy itself of the External Auditors' independence; and

- ii. The Committee shall approve any permitted non-audit services provided by the External Auditor and may delegate such approval authority to one or more of its independent members, all in accordance with applicable securities laws and regulations and listing requirements.

8.3 Management Response

The Committee shall obtain management's response to significant remarks or findings of the External Auditor and shall follow-up as required on the status of the implementation of corrective measures.

8.4 Related Party Transactions

The Committee shall review and approve all related party transactions in which Points International is involved or which Points International proposes to enter into.

8.5 Risk Assessment, Risk Management and Internal Control

- (a) The Committee shall gain an understanding of Points International's business and shall discuss Points International's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- (b) The Committee shall assess and evaluate management's internal control plan.
- (c) The Committee shall obtain regular updates from management and legal counsel regarding compliance matters.

8.6 Other Matters

The Committee shall perform any other activities consistent with this Mandate, Points International's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

9. **WHISTLE BLOWING**

9.1 Procedure

The Committee shall be responsible for reviewing and evaluating the Company's procedures for:

- (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

10. **HIRING PRACTICES**

10.1 Hiring Policies

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

11. REPORTING TO THE BOARD

11.1 Regular Reporting

The Committee shall report to the Board following each meeting of the Committee and at such other times as the Chair may determine to be appropriate (provided that the Committee shall report to the Board at least four times per year) and shall ensure that the Board is made aware of matters that may significantly affect the financial condition or affairs of Points International.

12. EVALUATION OF COMMITTEE PERFORMANCE AND MANDATE REVIEW

12.1 Establish Process

The Board may establish a process for committees of the Board for assessing the performance of such committees on a regular basis and, if established, the Committee shall follow such process in assessing its performance.

12.2 Amendments to Mandate

The Committee shall review and assess the adequacy of this Mandate annually and recommend to the Board any changes it deems appropriate.