



COOLBRANDS INTERNATIONAL INC.

(The "Company")

AUDIT COMMITTEE CHARTER

Section 1 Purpose of the Committee

The Audit Committee (the "Committee") is a committee of the Board of Directors of the Company. The function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding matters related to the Company's financial reporting. The Committee will primarily fulfill this role by carrying out the activities enumerated in this Charter.

Section 2 Composition of the Committee

The Committee shall be comprised of not less than three Directors, each of whom is and must at all times be independent and financially literate within the meaning of applicable Canadian securities laws. The members of the Committee, and its Chair, shall be appointed by the Board of Directors on an annual basis or until their successors are otherwise duly appointed.

Section 3 Responsibilities of the Committee

As part of its function in assisting the Board of Directors in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will:

(a) Financial Disclosure

- (i) Review and recommend to the Board of Directors the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related Management's Discussion & Analysis, as well as such other financial information of the Company provided to the public or any governmental body.
- (ii) Review and recommend to the Board of Directors for approval any press releases of the Company that contain financial information.
- (iii) Satisfy itself 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 the related Management's Discussion & Analysis, and periodically assess the adequacy of those procedures.

(b) Relationship with the External Auditor

- (i) Recommend to the Board of Directors the selection of the external auditor and the fees and other compensation to be paid to the external auditor.
- (ii) Have the authority to communicate directly with the external auditor, and shall communicate directly with the external auditor concerning the audit process in accordance with this Charter.
- (iii) Advise the external auditor that it is required to report to the Committee, and not to management of the Company.
- (iv) Monitor the relationship between management and the external auditor, including reviewing any management letters or other reports of the external auditor, discussing any material differences of opinion between management and the external auditor and resolving disagreements between the external auditor and management.
- (v) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Company, its management or employees that might interfere with the independence of the external auditor.
- (vi) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable Canadian securities laws) to be provided by the external auditor.
- (vii) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.
- (viii) Periodically consult with the external auditor out of the presence of management regarding:
 - (A) any significant financial risks or exposures facing the Company;
 - (B) internal financial reporting controls and other steps that management has taken to control such risks; and

- (C) the fullness and accuracy of the financial statements of the Company, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
 - (ix) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Company.
- (c) Audit Process**
- (i) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.
 - (ii) Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
 - (iii) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
 - (iv) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
 - (v) Review with the external auditor and management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
 - (vi) Review the system in place to seek to ensure that the financial statements, Management's Discussion & Analysis and other financial information disseminated to applicable securities

regulators and stock exchanges, and the public, satisfy applicable requirements.

(d) Financial Reporting Processes

- (i) Review the integrity of the Company's financial reporting processes, both internal and external, in consultation with the external auditor.
- (ii) Review all material balance sheet issues, material contingent obligations and material related party transactions.
- (iii) Review with management and the external auditor the Company's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

(e) General

- (i) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Company) the compensation for any such advisors.
- (ii) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board of Directors changes to this Charter.
- (iii) Review the public disclosure regarding the Committee required from time to time by applicable Canadian securities laws, including:
 - (A) the Charter of the Committee;
 - (B) the composition of the Committee;
 - (C) the relevant education and experience of each member of the Committee;
 - (D) the external auditor services and fees; and

- (E) such other matters as the Company is required to disclose concerning the Committee.
- (iv) Perform any other activities as the Committee or the Board of Directors deems necessary or appropriate.

Section 4 Limitations on the Committee's Duties and Responsibilities

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the Directors are subject.

It is not the duty of the Committee to prepare financial statements or ensure their accuracy or absence of errors and omissions, to plan or conduct audits, to determine that the financial statements are complete and accurate and in accordance with applicable generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management as to the non-audit services provided to the Company by the external auditor, (iv) financial statements of the Company represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Company in accordance with generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

Section 5 Meeting Procedure

(a) General

- (i) The Committee shall meet at least four times annually.
- (ii) The Committee or its Chair will meet at least once per year with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups desires to discuss privately.

(b) Quorum

- (i) A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

(c) Minutes

- (i) The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided in a timely manner to each member of the Committee and each member of the Board of Directors.

(d) Notice of Meetings

- (i) Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon a minimum of 24 hours prior notice to each of the other Committee members.
- (ii) The members of the Committee may waive the requirement for notice. The Chief Executive Officer and the Chief Financial Officer, and the external auditor shall be entitled to request that the Chair call a meeting.
- (iii) The Committee may ask members of the Company's management, employees or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to all information of the Company (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Company with management, employees, the external auditor and others as they consider appropriate.

Section 6 Complaints Procedure

Anyone may submit a complaint regarding conduct by the Company or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair of the Committee will oversee treatment of such complaints.

Complaints are to be directed to the attention of the Chair of the Committee.

Complaints may be submitted to the Chair on a confidential basis to the following confidential e-mail address: auditchair@coolbrandsww.com. The Committee will endeavour to keep the identity of the complainant confidential.

The Chair of the Committee shall lead the review and investigation of a complaint. The Committee shall retain a record of all complaints received. Corrective action will be taken when and as warranted.

Section 7 Establishment of the Committee

The Committee is established by resolution of the Board of the Directors of the Company dated April 1, 2005.