

## AUDIT COMMITTEE CHARTER

### General

The Board of Directors of the Corporation (the “Board of Directors”) will establish an Audit Committee (the “Audit Committee”). The primary role of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the following:

- the accuracy and completeness of the Corporation’s Financial Statements;
- the internal control and financial reporting systems of the Corporation;
- the selection and activities of the Corporation’s external Auditor;
- the development of the Corporation’s Risk Management Strategy;
- the Corporation’s compliance with legal and regulatory requirements regarding financial reporting; and
- any additional duties set out in this mandate or otherwise delegated to the Audit Committee by the Board of Directors.

### Composition and Operation

The Board of Directors will in each year appoint at least three (3) Members of the Board of Directors (the “**Board Members**”) as Members of the Audit Committee. The majority of the Members of the Audit Committee shall be “Independent” Directors.

All Members of the Audit Committee shall be financially literate. “**Financially literate**” means 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 Corporation’s Financial Statements. Specifically, a Board Member should have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

Board Members who are not Members of the Audit Committee may attend all or any part of Meetings of the Audit Committee, but shall not vote.

### Mandate

The Audit Committee’s duties and responsibilities include, but are not limited to the following:

### Financial Reporting and Disclosure

In connection with the financial reporting and disclosure obligations of the Corporation, the Audit Committee will:

- review the Audited Annual Financial Statements of the Corporation (the “Annuals”) as prepared by Management in conjunction with the external Auditors, related Management Discussion and Analysis of operations and financial results of the Corporation (the “MD&A”) and earnings Press Releases for submission to the Board of Directors for approval;
- review the Quarterly Financial Statements of the Corporation (the “Quarterlies”), the related MD&A and earnings Press Releases for submission to the Board of Directors for approval;

- review with Management and the external Auditor, significant accounting practices employed by the Corporation and disclosure issues, including complex or unusual transactions, judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP and IFRS for material transactions. This review process must be undertaken in order to have reasonable assurance that the Financial Statements are complete, do not contain any misrepresentations, and present fairly the Corporation's financial position and the results of its operations in accordance with Canadian GAAP and IFRS;
- confirm through discussions with Management that Canadian GAAP and IFRS and all applicable laws or regulations related to financial reporting and disclosure have been complied with;
- review representations made by Management or the Auditor or other experts regarding any fact or event, which could have a material current or future effect on the Corporation's Financial Statements, and the manner in which these have been disclosed in the Financial Statements;
- discuss with Management the effect of any Off-Balance Sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses; and
- satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted from the Corporation's Financial Statements and periodically assess the adequacy of those procedures.

### **Oversight of Internal Controls**

The Audit Committee will:

- review and assess the adequacy and effectiveness of the Corporation's system of internal control and Management information systems through discussions with Management and the external Auditor;
- oversee the system of internal control, by:
  - consulting with the external Auditor regarding the adequacy of the Corporation's internal controls;
  - monitoring Policies and Procedures for internal accounting, financial control and Management information, electronic data control and computer security;
  - obtaining from Management adequate assurances that all statutory payments and withholdings have been made; and
  - taking other actions as considered necessary.
- oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions; and
- establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by Employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

## **External Audit Appointment and Removal**

The Audit Committee will:

- recommend the appointment or replacement of the external Auditor to the Board of Directors, who will consider the recommendation prior to submitting the nomination to the Shareholders of the Corporation for their approval;
- review Management's plans for an orderly transition to a new external Auditor, if required;
- pre-approve, in accordance with applicable law, any non-audit services to be provided to the Corporation by the external Auditor, with reference to compatibility of the service with the external Auditor's independence; and
- review and approve the Corporation's hiring policies regarding Partners, Employees and former Partners and Employees of the present and former external Auditor of the Corporation.

## **External Audit Liaison**

The external Auditor will report directly to the Audit Committee.

In its role as liaison with the external Auditor the Audit Committee will:

- assist and facilitate the resolution of any disagreements between Management and the external Auditor regarding financial reporting;
- review all other material written communications between the external Auditor and Management, including the post-audit Management Letter containing the recommendations of the external Auditor, Management's response and, subsequently, follow up identified weaknesses; and
- meet with the external Auditor independently from Management and without Management present at least annually to discuss and review specific issues; and as appropriate with respect to any significant matters that the Auditor may wish to bring to the Audit Committee for its consideration.

## **External Audit Review**

The Audit Committee will:

- review with Management, and make recommendations to the Board of Directors, regarding the compensation of the external Auditor. In making a recommendation with respect to compensation, the Audit Committee shall consider the number and nature of reports issued by the external Auditor, the quality of internal controls, the size, complexity and financial condition of the Corporation, and the extent of other support provided by the Corporation to the external Auditor;
- review with Management the terms of the external Auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external Auditor;
- review the Audit Plan and scope of the external Audit with the external Auditor and Management, and consider the nature and scope of the planned audit procedures;

- discuss with the external Auditor any significant changes required in the approach or scope of their Audit Plan, Management's handling of any proposed adjustments identified by the external Auditor, and any actions or inactions by Management that limited or restricted the scope of their work;
- review, independently from Management and without Management present, the results of the Annual External Audit, the Audit Report thereon and the Auditor's review of the related MD&A, and discuss with the external Auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with Management, the ramifications of their use and the Auditor's preferred treatment, and any other material communications with Management;
- engage the external Auditor to review all Interim Financial Statements and review the results of the Auditor's review of the Interim Financial Statements and the Auditor's review of the related MD&A independent of and without Management present;
- review any other matters related to the external Audit that are to be communicated to the Audit Committee under generally accepted auditing standards or that relate to the external Auditor;
- review with Management and the external Auditor any correspondence with regulators or governmental agencies, Employee complaints or published reports that raise material issues regarding the Corporation's Financial Statements or Accounting Policies; and
- at least annually, and before the external Auditor issues its report on the Annual Financial Statements, review and confirm the independence of the external Auditor through discussions with the Auditor on their relationship with the Corporation, including details of all non-audit services provided. Consider the safeguards implemented by the external Auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external Auditor. Consider the number of years the lead audit partner has been assigned to the Corporation, and consider whether it is appropriate to recommend to the Board of Directors a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board.

### **Risk Management**

The Audit Committee will:

- review with Management the Corporation's tolerance for financial risks;
- review with Management its assessment of the significant financial risks facing the Corporation;
- review with Management its assessment of the policies for managing those significant financial risks; and
- review with Management its plans, processes and programs to manage and control such financial risks.

### **Regulatory Compliance**

The Audit Committee will:

- review with Management any comment letters received from regulators and ensure that comments/concerns of the regulators are dealt with satisfactorily and in a timely manner; and
- review with Management the timeliness and accuracy of the Corporation's filings with regulatory authorities.

## **Related Party Transactions**

The Audit Committee will review with Management all related party transactions and the development of Policies and Procedures related to those transactions.

## **Board of Directors Relationship and Reporting**

The Audit Committee will:

- review and assess the adequacy of the Audit Committee mandate annually and submit such amendments as the Audit Committee proposes to the Board of Directors;
- oversee appropriate disclosure of the Audit Committee mandate, and other information required to be disclosed by applicable securities laws, in the Corporation's AIF and all other applicable disclosure documents, including any Management Information Circular distributed in connection with the solicitation of proxies from the Shareholders of the Corporation; and
- report regularly to the Board of Directors on Audit Committee activities, issues and related recommendations.

## **Chair**

The Board of Directors will in each year appoint a Chairman of the Audit Committee (the "AC Chair"). In the AC Chair's absence, or if the position is vacant, the Audit Committee may select another member as AC Chair. The AC Chair will have the right to exercise all powers of the Audit Committee between meetings but will attempt to involve all other Members as appropriate prior to the exercise of any powers and will, in any event, advise all other Members of any decisions made or powers exercised.

## **Meetings**

The Audit Committee shall meet at the request of the AC Chair, but in any event it will meet at least four times a year. Notices calling Meetings shall be sent to all Audit Committee Members, to the CEO and to the AC Chair. The external Auditor or any member of the Audit Committee may call a meeting of the Audit Committee.

## **Quorum**

A majority of Members of the Audit Committee, present in person, by teleconference, or by videoconference will constitute a quorum.

## **Removal and Vacancy**

A Member may resign from the Audit Committee, and may be removed and replaced at any time by the Board of Directors, and will automatically cease to be a member as soon as the Member ceases to be a Board Member. The Board of Directors will fill vacancies in the Audit Committee by appointment from among the Directors in accordance with this mandate. Subject to quorum requirements, if a vacancy exists on the Audit Committee, the remaining Members will exercise all its powers.

## **Experts and Advisors**

In order to carry out its duties, the Audit Committee may retain or appoint, at the Corporation's expense, such independent counsel and other experts and advisors, as it deems necessary. The Audit Committee shall provide notice to the relevant parties of its actions in this regard.

**Access**

The Audit Committee may have access to and direct contact with any Employee, contractor, supplier, customer or other person that is engaged in any business relationship with the Corporation to confirm information or to investigate any matter within the mandate of the Audit Committee.

**Secretary and Minutes**

The AC Chair shall appoint a secretary for each meeting to keep Minutes of such Meeting. The Minutes of the Audit Committee will be in writing and duly entered into the books of the Corporation. The Minutes of the Audit Committee will be available to all Board Members.