

Audit Committee Mandate

Purpose- The overall purpose of the Audit Committee is to:

- provide independent review and oversight of the Company's financial reporting process, the system of internal controls and management of financial risks and the audit process, including the selection, oversight and compensation of the Company's external auditors, subject to the Board as a whole filling a vacancy in the office of auditor;
- assist the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct;
- maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors; and
- review the Company's financial strategies, its financing plans and its use of the equity and debt markets.

Composition, Procedures and Organization

1. The Audit Committee shall consist of at least three members of the Board, all of whom shall be "independent" and "financially literate" as those terms are defined in National Instrument 52-110 *Audit Committees*. In this regard, no member shall:
 - a. other than in his or her capacity as a member of the Audit Committee, Board or any other committee of the Board, accept directly or indirectly any consulting, advisory or other compensatory fee from the Company. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the committee member, or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the Company;
 - b. have been employed by the Company or any of its affiliates in the current or past two years; or
 - c. be an affiliate of the Company or any of its subsidiaries.
2. To perform his or her role effectively, each Audit Committee member will obtain an understanding of the responsibilities of Audit Committee membership as well as the Company's business, operations and risks.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Audit Committee.
4. Unless the Board shall have appointed a Chair of the Audit Committee, the members of the Audit Committee shall elect a Chairman from among their number.
5. The secretary of the Audit Committee shall be designated from time to time from one of the members of the Audit Committee or, failing that, shall be the Company's corporate secretary, unless otherwise determined by the Committee.
6. The Audit Committee shall have access to such officers and employees of the Company, its external auditors and legal counsel and to such information respecting the Company and may engage separate independent

counsel and advisors at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

Meetings

1. At the request of the CEO or any member of the Audit Committee, the Chairman of the Audit Committee will convene a meeting of the Audit Committee and provide an agenda for such meeting.
2. Any two directors may request the Chairman of the Audit Committee to call a meeting of the Audit Committee and may attend at such meeting or inform the Audit Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the Chairman of the Audit Committee.
3. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
4. Meetings shall be held not less than four times a year and to coincide with the reporting of quarterly financial statements. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
5. The Audit Committee may invite such other persons (e.g. the CEO and/or the CFO) to its meetings, as it deems appropriate.
6. The external auditors may be present at each Audit Committee and be expected to comment on the financial statements in accordance with best practices. The external auditor is entitled to be present and participate at audit committee meetings whose subject is the year-end financial statements and management's discussion & analysis.
7. The proceedings of all meetings will be recorded in minutes.

Chair

In addition to the duties and responsibilities set out in the Board Mandate and any other applicable charter, mandate or position description, the chair of the Audit (the "**Audit Committee Chair**") has the duties and responsibilities described below.

1. Provide overall leadership to enhance the effectiveness of the Audit Committee, including:
 - a. overseeing the structure, composition, membership and activities delegated to the Audit Committee;
 - b. chairing every meeting of the Audit Committee and encouraging free and open discussion at meetings of the Audit Committee;
 - c. scheduling and setting the agenda for Audit Committee meetings with input from other Audit Committee members, the Chairman of the Board and management as appropriate;

- d. facilitating the timely, accurate and proper flow of information to and from the Audit Committee;
 - e. arranging for management, internal personnel, external advisors and others to attend and present at Audit Committee meetings as appropriate;
 - f. arranging sufficient time during Audit Committee meetings to fully discuss agenda items;
 - g. encouraging Audit Committee members to ask questions and express viewpoints during meetings; and
 - h. taking all other reasonable steps to ensure that the responsibilities and duties of the Audit Committee, as outlined in its Charter, are well understood by the Audit Committee members and executed as effectively as possible.
2. Foster ethical and responsible decision making by the Audit Committee and its individual members.
 3. Encourage the Audit Committee to meet in separate, regularly scheduled, non-management, closed sessions with internal personnel or external advisors, as needed or appropriate.
 4. Following each meeting of the Audit Committee, report to the Board on the activities, findings and any recommendations of the Audit Committee.
 5. Carry out such other duties as may reasonably be requested by the Board.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be as follows:

1. Recommend to the Board:
 - a. the external auditor to be nominated for the purpose of preparing or issuing ; auditor's report or performing other audit, review or attest services for the is; and
 - b. the compensation of the external auditor.
2. Determine whether internal control recommendations made by external auditors have been implemented by management.
3. Identify areas of greatest financial risk and determine whether management is managing these effectively.
4. Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
5. Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
6. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
7. Review any legal matters which could significantly impact the financial statements as reported on by the Company's outside counsel and meet with outside counsel whenever deemed appropriate.

8. Review the annual and quarterly financial statements, including management's discussion and analysis and annual and interim earnings press releases before the Company publicly discloses this information, and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board that the annual and quarterly financial statements and management's discussion and analysis be included in the Company's securities filings.
9. Review and approve the financial sections of the annual report to shareholders, the annual information form, prospectuses and all other regulatory filings and public reports requiring approval by the Board, and report to the Board with respect to its review.
10. Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
11. Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
12. Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
13. Meet with management and the external auditors to review the annual financial statements and the results of the audit.
14. Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
 - a. actual financial results for the interim period varied significantly from budgeted or projected results;
 - b. generally accepted accounting principles have been consistently applied;
 - c. there are any actual or proposed changes in accounting or financial reporting practices; and
 - d. there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
15. Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
16. Review the performance of the external auditors and approve in advance provision of services other than auditing.
17. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee will obtain from the external auditors, on an annual basis, a formal written statement delineating all relationships between the external auditors and the Company,
18. 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.

19. Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately, including the results of the external auditors' review of the adequacy and effectiveness of the Company's accounting and financial controls.
20. Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
21. Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the CFO as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
22. Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
23. If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
24. Create specific procedures for the receipt, retention and treatment of complaints regarding the Company's accounting, internal accounting controls and auditing matters. These procedures will include, among other things, provisions for the confidential treatment of complaints and anonymity for employees desiring to make submissions. Refer to the Company's Whistle Blower Policy attached to this Mandate as Appendix A.
25. Perform other functions as requested by the Board.