

## **AUDIT COMMITTEE CHARTER**

### **1. Composition of Committee**

- (a) The Committee will consist of independent directors, all of whom must be qualified in accordance with applicable regulatory and stock exchange requirements. An independent director, for the purposes of membership on the Audit Committee, means a director who has no direct or indirect material relationship with the Corporation where a material relationship is a relationship that could, in the view of the board of directors, reasonably interfere with the exercise of the member's independent judgment.
- (b) All members of the Committee must be financially literate. A member is financially literate if the member 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 the financial statements of the Corporation.

### **2. Procedural Matters**

- (a) The Committee operates under authority vested by the board of directors and reports to the board of directors. Each member of the Committee will be appointed by the board of directors and will serve during the pleasure of the board of directors, so long as he or she remains a director.
- (b) The board of directors will appoint a Chair for the Committee.
- (c) The Chair of the Committee or the Chair of the board of directors or any member of the Committee may call a meeting of the Committee. The Committee will meet at such times during each year as it deems appropriate.

### **3. Duties and Responsibilities**

- (a) The Committee will make recommendations to the board of directors with respect to the external auditor to be nominated for the purpose of preparing or issuing an auditor's report on the annual financial statements or performing other audit, review or attest services for the Corporation and with respect to the compensation of the external auditor.
- (b) The Committee will oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. Such firm will report directly to the Committee.
- (c) The Committee will obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute of Chartered Professional Accountants to which it belongs.
- (d) The Committee will:
  - (i) review and approve the external auditor's engagement letter; and
  - (ii) oversee the planning and results of external audit, including:

- A. reviewing and approving the audit plan
  - B. reviewing the post-audit letter of recommendations to management together with management's response
  - C. reviewing the form of the audit report
  - D. reviewing and approving any other audit-related engagements; and
  - E. meeting with the external auditor to discuss pertinent matters, including the annual statement and any other returns and transactions requiring review by the Committee.
- (e) The Committee will pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the Corporation's external auditor, which function may be delegated to a member of the Committee.
- (f) The Committee will review the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses that information, and recommend same to the directors for their approval.
- (g) The Committee will review the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in item (e).
- (h) The Committee will review the Corporation's enterprise and financial risk management processes with respect to major financial risk exposures and steps taken to monitor and control such exposures.
- (i) The Committee will review the adequacy of risk management policies and procedures as they relate to financial reporting, and implementation of appropriate systems to manage such risks, including the adequacy of insurance coverages.
- (j) The Committee will be responsible for:
- (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by directors, officers and employees, if any, of the Corporation of concerns regarding questionable accounting or auditing matters.
- (k) The Committee will review with management and with the external auditors the effectiveness of control systems used by the Corporation in connection with financial reporting and disclosure.
- (l) The Committee will review the Corporation's compliance with legal and regulatory requirements as they relate to the Corporation's financial statements.
- (m) The Committee will review management's procedures regarding compliance with loan covenants.
- (n) The Committee will review the status of material litigation, claims, compliance and regulatory contingencies.

4. Resources, Meetings and Reports

- (a) The Committee will have adequate resources to discharge its responsibilities.
- (b) The Committee may, for and on behalf of the Corporation and at the Corporation's sole expense, engage such consultants as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities.
- (c) The Committee will meet not less than four times per year.
- (d) The Committee will keep minutes of its meetings in which are recorded all actions taken by the Committee, and such minutes will be made available to the directors.

The Committee will review and reassess the adequacy of this charter annually.