

## AUDIT COMMITTEE CHARTER

### PURPOSE

The Audit Committee assists the Board in fulfilling its oversight responsibilities by:

- Reviewing and reporting on financial information provided to shareholders and stakeholders,
- Monitoring the audit process and the system of corporate internal controls which Senior Management and the Board have established.
- Identifying principal risks to the Corporation and its subsidiaries and ensuring the implementation of appropriate systems to monitor those risks.
- Reviewing accounting principles for compliance with applicable legal and regulatory requirements.

### COMPOSITION AND TERM OF OFFICE

- Members of the Committee are appointed by the Board for a one year term at the first meeting of the Board following the Annual General Meeting. It is comprised of not less than three independent Directors who are financially literate<sup>1</sup> and at least one member shall have related financial expertise<sup>2</sup>.
- The Chair of the Committee will be appointed by the Committee.
- The CFO will act as the management liaison for the Committee.
- The Committee will meet not less than four times per year.
- The quorum for the Committee is a majority of members.

### FINANCIAL REPORTING

- Review and recommend to the Board the approval of annual financial reports (annual information form, management information circular, National Instrument 52-110F1).
- Review and recommend to the Board approval of financial statements, MD&A, reports to shareholders and related press releases.
- Review and recommend to the Board approval of quarterly financial statements (financial statements, MD&A, reports to shareholders and related press releases).

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<sup>1</sup> Financial literacy means the ability to read and understand a balance sheet, an income statement and a cash flow statement.

<sup>2</sup> Accounting or related financial expertise means the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian Generally Accepted Accounting Principles.

- Ensure that all public disclosures or information extracted or derived from financial statements are accurate and ensure that Senior Management has procedures in place to review such information, and to periodically assess the adequacy of such procedures.
- Review and approve any other press releases that relate to material financial disclosures.
- Review and recommend to the Board any changes to accounting policies.
- Review with the auditors any areas of judgment or where estimates have been made, including effects of alternatives under Generally Accepted Accounting Principles.

## **OTHER REVIEW PROCEDURES**

- Review with Senior Management opportunities and risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.
- Oversee Senior Management's reporting on and review of the adequacy of internal controls.
- Be certain that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure.
- Confirm and review the Corporation's Disclosure Policy (Tab 3).
- Review policies and compliance with policies that carry significant actual or potential liabilities, contingent or otherwise.
- Review annually the expense accounts of the CEO and CFO.

## **EXTERNAL AUDITOR**

The external auditor:

- Will have unrestricted access to all financial information and will report directly to the Committee.
- Will meet at least quarterly with the Committee. Matters discussed will include the annual audit, quarterly reviews, the quality of the Corporation's accounting policies and principles, and the adequacy and effectiveness of the Corporation's internal control and management information systems. In-camera sessions will be held quarterly or as determined by the Committee.

The Audit Committee:

- Provides approval and recommends to the Board the engagement of the external auditors, their remuneration, and their discharge.
- Provides oversight to the audit engagement by way of a direct reporting relationship with the external auditor and ensures their independence.
- Reviews external audit plans for the year.

- Reviews with the external auditors any difficulties which arose during the course of their engagement and their ongoing relationship with management.
- Pre-approves all audit and non-audit services to be provided by the external auditor.

## **OTHER**

- Establishes procedures for receipt, retention and treatment of complaints and concerns regarding accounting matters, internal accounting controls and auditing matters or related questionable practices, including anonymous submissions by employees.
- Ensures that for each meeting that minutes are recorded, drafted and circulated on a timely basis to Committee members.
- Confirms or amends the Committee's charter annually, for review by external auditors and legal counsel and approval by the Board.
- Reviews prior to renewals the Director and Officer Liability insurance and other corporate insurance coverage, including the credit quality of its insurance carriers and re-insurers.