



Audit Committee Charter

1. PURPOSE AND AUTHORITY

The purpose of the Audit Committee (the "Committee") is to oversee the accounting and financial reporting processes of the Company and the audits of its financial statements, and thereby assist the Board of Directors (the "Board") in monitoring (1) the integrity of the financial statements of the Company, (2) compliance by the Company with legal and regulatory requirements related to financial reporting, (3) the performance and independence of the Company's independent auditors, and (4) performance of the Company's internal controls and financial reporting process. The Committee performs such functions as may be assigned by law, by the Company's certificate of incorporation, memorandum, articles or similar documents, or by the Board.

The Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Company, its independent legal counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee has the power to create specific sub-committees with all of the power to conduct or authorize investigations into any matters within the scope of the mandate of the sub-committee, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors. In particular, the Committee may delegate to one or more independent Committee members the authority to pre-approve non-audit services provided that the pre-approval is presented to the Committee at the first scheduled meeting following such pre-approval.

The Company's independent auditor is ultimately accountable to the Board of Directors and to the Committee, who, as representatives of the Company's shareholders, have the ultimate authority and responsibility to evaluate the independent auditor, appoint and replace the independent auditor, and to determine appropriate compensation for the independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Committee must maintain free and open communication between the Company's independent auditors, Board of Directors and Company management. The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate, and in accordance with generally accepted

accounting principles.

2. MEMBERSHIP AND ORGANIZATION

2.1 Membership

- 2.1.1 The Committee shall consist of a minimum of three members of the Board, appointed annually, each of whom is affirmatively confirmed as independent by the Board, with such affirmation disclosed in the Company's annual Information Circular.
- 2.1.2 A member of the Committee may be replaced at any time by the Board and will cease to be a member upon ceasing to be a Director of the Company.
- 2.1.3 The Board will elect, by a majority vote, one member as chairperson of the Committee.
- 2.1.4 The Committee will appoint its own secretary who need not be a Director of the board.
- 2.1.5 Each member of the Committee will meet all independence and financial literacy requirements of The Toronto Stock Exchange, the independence requirements of the NASDAQ Stock Market (which includes meeting the definition of "independent director" under the NASDAQ Rules), and the independence criteria of the U.S. Security and Exchange Commission's (the "SEC") Rules.
- 2.1.6 Each member of the Committee shall be able to read and understand fundamental financial statements, including balance sheets, income statements, and cash flow statements.
- 2.1.7 At least one member of the Committee will be an audit committee financial expert as defined by the applicable rules set out by the SEC or any other applicable regulatory authority.
- 2.1.8 No director who has participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years will be eligible for membership on the Committee.
- 2.1.9 Any member of the Committee who serves on more than three public company audit committees must inform the Chairman of the Board who will consider and assess that member's ability to be effective on the Committee.
- 2.1.10 A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee, accept any consulting, advisory, or other compensatory fee from the Company, and may not be an affiliated person of the Company or any subsidiary thereof.

2.2 Committee Meetings

- 2.2.1 The Committee will meet at least quarterly or more often as may be deemed necessary or appropriate in its judgment, either in person or telephonically.
- 2.2.2 The Committee will meet with the independent auditor and the internal auditor at least quarterly, either in person or telephonically.
- 2.2.3 Meetings may be requested by any member of the Committee, Chief Executive Officer (CEO), Chief Compliance Officer (CCO), Chief Financial Officer (CFO), VP, Finance & Accounting, Corporate Controller, the independent auditors or the internal auditors.
- 2.2.4 The independent auditor will be notified of every Committee meeting and be permitted to appear and speak at those meetings.
- 2.2.5 The Committee will keep minutes of its meetings which will be provided to the Board.
- 2.2.6 The Committee will report its actions to the Board along with such recommendations as the Committee may deem appropriate.
- 2.2.7 A majority of the members of the Committee shall constitute a quorum.

3. DUTIES & RESPONSIBILITIES

- 3.1 Independent Auditor

The independent auditor reports directly to the Committee and the Committee and the Board have the authority to replace the independent auditor. With respect to its oversight of the independent auditor, the Committee shall:

- 3.1.1 Annually appoint the independent auditor to be proposed for shareholder approval.
- 3.1.2 Approve the compensation of the independent auditor.
- 3.1.3 Review with the independent auditor, the audit scope and plan of the independent auditor.
- 3.1.4 Evaluate the performance of the independent auditor and, if so determined by the Committee, replace the independent auditor.
- 3.1.5 Approve permissible non-audit services of the independent auditor and establish policies and procedures for their engagement for such services and to ensure that the independent auditor is not engaged to perform any activities prohibited by any of the Canadian provincial securities commissions, the SEC or any securities exchange on which the Company's shares are traded, including:
 - Bookkeeping or other services related to accounting records or financial statements of the Company;
 - Financial information systems design and implementation consulting services;
 - Appraisal or valuation services, fairness opinions, or contributions-in-kind reports;

- Actuarial services;
 - Internal audit outsourcing services;
 - Any management or human resources function;
 - Broker, dealer, investment advisor, or investment banking services;
 - Legal services;
 - Expert services unrelated to the auditing service; and
 - Any other service the Board determines is not permitted.
 - 3.1.6 Ensure that no individual who is, or in the past 3 years has been, affiliated with or employed by a present or former auditor of the Company or an affiliate, is hired by the Company as a senior officer, including Corporate Controller, until at least 3 years after the end of either the affiliation or the auditing relationship.
 - 3.1.7 Take reasonable steps to confirm the independence of the independent auditor, which shall include:
 - 3.1.7.1 Ensuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
 - 3.1.7.2 Reviewing with the independent auditor any relationships or services provided to the Company, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
 - 3.1.7.3 As necessary, taking, or recommending that the Board take, other appropriate actions to oversee the independence of the independent auditor.
 - 3.1.8 Ensure that the audit partner rotation requirements are met.
 - 3.1.9 Confirm with management and the independent auditor that no restrictions are placed on the scope of the auditors' review and examination of the Company's accounts.
 - 3.1.10 Discuss in private with the independent auditor matters affecting the conduct of their audit and other corporate matters.
 - 3.1.11 Review and discuss with management and the independent auditor at the completion of its examination, any serious difficulties or disputes with management encountered during the course of the audit or review.
- 3.2 Financial Information Review Process

In connection with the review of the annual audited financial statements, interim financial statements, MD&A, press releases or other financial disclosure, the Committee, as applicable, shall:

- 3.2.1 Review and discuss with management and the independent auditor at the completion of its annual audit and interim reviews:

- 3.2.1.1 The Company's audited annual or reviewed interim financial statements and related notes and the Company's accompanying MD&A;
- 3.2.1.2 Review the independent auditor's report concerning the matters required to be discussed by Statement on Auditing Standards No. 61, CICA Handbook Section 5751 or SEC Rule 2-07, as the same may be modified or supplemented from time to time;
- 3.2.1.3 The appropriateness of the presentation of any non-GAAP related financial information;
- 3.2.1.4 The adequacy of the Company's internal accounting and financial controls that management and the Board have established and the effectiveness of those systems;
- 3.2.1.5 Financial statement effects of significant transactions and other complex accounting issues;
- 3.2.1.6 The accounting policies which may be viewed as critical, including all alternative treatments for financial information within generally accepted accounting principles that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Company and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Company's financial reports;
- 3.2.1.7 Any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies;
- 3.2.1.8 The management letter delivered by the independent auditor in connection with the audit;
- 3.2.2 Approve and recommend to the Board that the audited annual financial statements and MD&A be approved by the Board prior to public disclosure;
- 3.2.3 Approve interim financial statements and MD&A prior to public disclosure;
- 3.2.4 Review with the Company's General Counsel, litigation and other legal matters that may have a material impact on the financial statements, the Company's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters;
- 3.2.5 Review financial press releases and earnings guidance;
- 3.2.6 Review and approve all financial disclosure contained in filings with the Canadian provincial securities commissions and the SEC;
- 3.2.7 Review representation letters provided by management to the independent auditor;

- 3.2.8 Review minutes of all Disclosure Committee meetings of the Company; and
- 3.2.9 Review the process for certification of the interim and annual financial statements by the CEO and the CFO and the certifications made by the CEO and CFO.
- 3.3 Corporate compliance, Internal Controls & Internal Audit

With respect to the oversight of the financial compliance, internal controls and internal audit activities, the Committee shall:

- 3.3.1 Annually review the activities, resources and scope of the Corporate Compliance function and its internal audit and other compliance activities;
- 3.3.2 Ensure that the Corporate Compliance function has unrestricted access to all functions, records, property and personnel within the Company;
- 3.3.3 Review significant internal audit findings and recommendations and monitor management's progress against action plans for remediation;
- 3.3.4 Meet separately with the Chief Compliance Officer or Manager, Financial Compliance (or individuals performing the internal audit function) to discuss matters the Committee or the Corporate Compliance function believes should be discussed in private;
- 3.3.5 Review any reportable conditions, material weakness in internal controls and any fraud and illegal acts involving management or other employees who have a significant role in the company's internal control and significant deficiencies affecting internal control; and
- 3.3.6 Review any issues including any difficulties encountered during any internal audit activities.
- 3.4 Accountability
 - 3.4.1 At least annually, the Committee will review and evaluate the performance of the Committee and its members and report its findings to the Board.
 - 3.4.2 The Committee will annually review and reassess the adequacy of the Committee's Charter and recommend any proposed changes to the Board for approval.
 - 3.4.3 The Committee shall review and approve any Audit Committee disclosures required by securities regulators contained in the Company's disclosure documents.
- 3.5 Other Duties & Responsibilities

The Committee shall:

- 3.5.1 Annually review a procedure through which employees and others can inform the Committee regarding any concerns about the Company's accounting, internal accounting controls or auditing

matters. The procedure shall include responding to and keeping of records of, any such complaints;

- 3.5.2 Review at least annually, the program established by management to monitor compliance with the Company's code of ethics policy;
- 3.5.3 Review and approve all related party transactions in excess of \$60,000;
- 3.5.4 Arrange and review results of an annual audit of the expense reports of the Chairman of the Board and the CEO's expense accounts;
- 3.5.5 Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- 3.5.6 Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board from time to time;
- 3.5.7 Review the appointment of the Chief Financial Officer, Chief Compliance Officer and any other senior financial executives involved in the financial reporting process; and
- 3.5.8 Review and discuss with management, and approve changes to, the Company's Corporate Treasury Policy.

| Committee Timetable | | | | | | | | | | | | |
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| DUTIES & RESPONSIBILITIES | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 3.1 Independent Auditor | | | | | | | | | | | | |
| 3.1.1 Appoint Independent Auditor for Shareholder Approval | | | x | | | | | | | | | |
| 3.1.2 Approve Independent Auditor Compensation | | | | | | | | | | | | x |
| 3.1.3 Review Audit Scope & Plan | | | | | | | | | | | | x |
| 3.1.4 Review Performance of Independent Auditor | | x | | | | | | | | | | |
| 3.1.5 Approve Non-audit Services of Independent Auditor | As Required | | | | | | | | | | | |
| 3.1.6 Confirm New Senior Officers Not Affiliated with Independent Auditor Prior to Hiring | As Required | | | | | | | | | | | |
| 3.1.7 Confirm Independence of Independent Auditor | | | | | | | | | | | | x |
| 3.1.8 Ensure Audit Partner Rotation Requirements are Met | | | | | | | | | | | | x |

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| 3.1.9 Confirm Unrestricted Scope of Independent Auditor's Review | x | x | | | x | | | x | | |
| 3.1.10 Discuss Matters Affecting the Conduct of the Independent Auditor, Audit and other Corporate Matters Privately | x | x | | | x | | | x | | |
| 3.1.11 Review and Discuss Difficulties or Disputes Between Independent Auditor & Management | x | x | | | x | | | x | | |
| 3.2 Financial Information Review Process | | | | | | | | | | |
| 3.2.1 Review and Discuss with Management and the Independent Auditor at the Completion of Annual Audit or Interim Review: | | | | | | | | | | |
| 3.2.1.1 Financial Statements and MD&A | x | x | | | x | | | x | | |
| 3.2.1.2 Independent Auditor's Report | x | x | | | x | | | x | | |
| 3.2.1.3 Non-GAAP Related Financial Information | x | x | | | x | | | x | | |
| 3.2.1.4 Adequacy and Effectives of Internal Controls | x | | | | | | | | | |
| 3.2.1.5 Significant Transaction/Complex Accounting Issues | x | x | | | x | | | x | | |
| 3.2.1.6 Critical Accounting Policies and Significant Changes | x | x | | | x | | | x | | |
| 3.2.1.7 Material Issues Raised by Regulators/Gov Agencies or Employees | x | x | | | x | | | x | | |
| 3.2.1.8 Management Letter | x | | | | | | | | | |
| 3.2.2 Approve Audited Financial Statements and MD&A; Recommend to Board for Approval | x | | | | | | | | | |
| 3.2.3 Approve Interim Financial Statements and MD&A prior to Disclosure | | | x | | x | | | x | | |
| 3.2.4 Review Litigation and Other Legal Matters with Company's General Counsel | x | x | | | x | | | x | | |
| 3.2.5 Review Financial Press | x | x | | | x | | | x | | |

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| Releases and Earnings Guidance | | | | | | | | | | | | | | | | | | | | |
| 3.2.6 Review Financial Disclosure in Filings; Recommend that Board Approve Disclosure | | | x | | | | | | | | | | | | | | | | | |
| 3.2.7 Review Independent Auditor's Representation Letter | | | | | | | | | | | | | | | | | | | | x |
| 3.2.8 Review Disclosure Committee Minutes | x | | | x | | | | | x | | | | | | | | | | | x |
| 3.2.9 Review Certification Process and Financial Statements Certifications of CEO & CFO | | | x | | | | | | | | | | | | | | | | | |
| 3.3 Internal Audit Function | | | | | | | | | | | | | | | | | | | | |
| 3.3.1 Review Activities, Resources and Scope of Internal Audit Function | | | | | | | | | | | | | | | | | | | | x |
| 3.3.2 Ensure Internal Audit Function has Unrestricted Access to All Functions, Records, Property and Personnel Within the Company | | | x | | | | | | x | | | | | | | | | | | x |
| 3.3.3 Review Significant Audit Findings and Recommendations and Monitor Management's Progress with Remediation | | | x | | | | | | x | | | | | | | | | | | x |
| 3.3.4 Meet with Internal Auditor Separately | | | x | | | | | | x | | | | | | | | | | | x |
| 3.3.5 Review Reportable Conditions, Material Weakness and Fraud | | | x | | | | | | x | | | | | | | | | | | x |
| 3.3.6 Review Any Issues Including any Difficulties Encountered by the Internal Audit Function | | | x | | | | | | x | | | | | | | | | | | x |
| 3.4 Accountability | | | | | | | | | | | | | | | | | | | | |
| 3.4.1 Review Committee Performance and Report to Board | | | | | | | | | | | | | | | | | | | | x |
| 3.4.2 Review of Committee Charter | | | | | | | | | | | | | | | | | | | | x |
| 3.4.3 Review and Approve Required Committee Regulatory Disclosures | | | | x | | | | | | | | | | | | | | | | |
| 3.5 Other Duties & Responsibilities | | | | | | | | | | | | | | | | | | | | |

