



## AUDIT COMMITTEE CHARTER

### I. PURPOSE

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and audit process by:

- reviewing, considering and reporting on the Corporation's financial information for disclosure purposes, its system of internal control as established by management and the Board, and the audit process;
- identifying the principal risks faced by the Corporation and confirming that management has implemented appropriate systems to manage and minimize identified risks;
- reviewing and considering the Corporation's adherence to accounting principles and compliance with applicable disclosure requirements;
- reviewing, considering, reporting and recommending on all matters relating to finance for the Corporation, including: significant accounting and financial reporting issues, capital structure; equity and debt financings; share re-purchase activities; cash management, banking activities and relationships; investments, foreign exchange activities, swaps and hedging transactions; and financial policies including Discretionary Authorities.
- reviewing regular progress reports on major capital projects and report on same to the Board.
- reviewing the performance and providing an annual assessment of the internal auditors for the Corporation.



## II. COMPOSITION AND TERM OF OFFICE

- A. Members of the Audit Committee are appointed by the Board at the first meeting of Directors following each annual general meeting for a term of one year. In making the appointments, the Board requires that all appointees are Independent Directors who have Financial Literacy<sup>1</sup> and that at least one appointee has an Accounting Designation. The Board shall interpret these qualifications in its business judgment and shall conclude whether a Director meets these qualifications.
- B. The Chair of the Audit Committee shall be appointed by the Board.
- C. The Chief Financial Officer (or appointed designate) will act as the management liaison for the Audit Committee and should be available on request to attend all meetings.
- D. The Audit Committee will meet not less than four times each fiscal year.
- E. The quorum for the Audit Committee is a majority of its members.

## III. RESPONSIBILITIES

The Audit Committee has the following responsibilities:

### FINANCIAL REPORTING

- A. Review, consider and recommend approval by the Board of the annual financial reports (annual information form, management information circular, National Instrument 52-110F1 forms, 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 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.



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- B. Review, consider and recommend approval by the Board of the quarterly financial statements (financial statements, MD&A, reports to shareholders and related press releases).
- C. Be satisfied that in respect of the Corporation's disclosure record, and in particular, its financial disclosure, management has procedures in place to review such information, and that management periodically assesses, and revises as needed, the adequacy of such procedures.
- D. Review all press releases that relate to material financial disclosures.
- E. Review and recommend approval by the Board of changes to the Corporation's accounting policies.
- F. Review with external auditors any areas of judgment or where estimates have been made, including effects of alternatives under generally accepted accounting principles.

**FINANCE**

- A. Review the Corporation's policies at least annually with respect to financial risk assessment and financial risk management.
- B. Review with management the Corporation's capital structure, dividend policy and share repurchase programs at least annually, and make recommendations to the Board for approval, as required.
- C. Review with management the Corporation's treasury activities. In this regard, the Committee shall review the Corporation's principal commercial and investment banking relationships, on at least an annual basis, including its banking and treasury authorizations, and material terms of the Corporation's credit facilities in light of the Corporation's operating strategy, risk exposures, financial policies and changes in the applicable law or accounting requirements.



#### **IV. OTHER PROCEDURES**

- A. Review with management the risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.
- B. Oversee management reporting and review of the adequacy of internal controls as designed and implemented by management.
- C. Gain reasonable assurance that the Corporation complies with the Securities Laws and the requirements of government, regulatory agencies and the TSX regarding financial reporting and disclosure.
- D. Oversee the Related Party Transactions Policy.
- E. Review annually the Corporate Disclosure Committee Charter.
- F. Review and consider significant actual or potential liabilities of the Corporation, whether contingent or otherwise that are reported to it.
- G. Review, on a quarterly basis, the reasonableness of the expenses of the Senior Officers.
- H. Confirm annually to the Board that all responsibilities outlined in this Charter have been carried out.

#### **V. EXTERNAL AUDITORS**

- A. The external auditor will report directly to the Audit Committee and has unrestricted access to its members. External auditors will meet at least quarterly with the Audit Committee to review and consider 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 with the external auditors will be held quarterly or as determined by the Audit Committee.
- B. The Audit Committee will:



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- (i) Institute and oversee special investigations as needed.
- (ii) Provide approval and recommend to the Board, the engagement or discharge of the external auditors and their remuneration.
- (iii) Provide oversight to the audit engagement by way of a direct reporting relationship with the external auditor and confirm the independence of the external auditor.
- (iv) Review the annual external audit plan for each year.
- (v) Review with the external auditors any difficulties which arose during the course of their engagement and their relationship with management.
- (vi) Approve in advance all audit and non-audit services to be provided by the external auditor. Such approval may be delegated to one or more members of the Audit Committee for ratification at the next scheduled Audit Committee meeting.
- (vii) Review and approve any hiring of partners/employees or former employees of the external auditors.
- (viii) Annually assess the effectiveness of the external auditors so that a recommendation can be made to the Board on whether or not the external audit firm should be reappointed at the annual general meeting of shareholders.

## **VI. INTERNAL AUDIT**

- A. The Director, Internal Audit & Risk Management has an independent relationship with the Audit Committee with unrestricted access to its members. The Director, Internal Audit & Risk Management and the Vice President, Corporate Security & Compliance, will meet at least quarterly with the Audit Committee. Matters discussed will include the annual audit plan, internal audit reports, the quality of the Corporation's accounting policies and principles, the adequacy and effectiveness of the Corporation's internal control and management information



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systems and if requested by the Audit Committee, in-camera sessions with the Director, Internal Audit & Risk Management will be held quarterly or as determined by the Audit Committee.

- B. The Audit Committee will approve the appointment of the Director, Internal Audit & Risk Management.
- C. The Audit Committee will:
  - (i) Provide oversight to and approve the internal audit mandate.
  - (ii) Review internal audit plans for the year.
  - (iii) Review any difficulties which may arise during the course of the internal audit and the ongoing relationship with management and other departments.
  - (iv) Annually assess the performance and effectiveness of the internal audit function.

## **VII. OTHER**

The Audit Committee will:

- A. Establish 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. (Refer to Whistle Blower Policy)
- B. Have the resources and authority necessary to reasonably discharge its duties, including the authority to retain independent financial, legal or other advisors.
- C. Record, draft and circulate, on a timely basis, to members, minutes for each meeting of the Audit Committee.
- D. Review and, as needed, amend the Audit Committee Charter annually, and recommend it for approval by the Board.



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- E. Review the Corporation's Director & Officer Liability insurance policies and other corporate insurance policies, including the credit quality of its insurance carriers and re-insurers in advance of the renewal of such policies.