

AUDIT COMMITTEE CHARTER

I. PURPOSE

- A. 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:
- (i) reviewing, considering and reporting on the Company's financial information for disclosure purposes, its system of internal control as established by Senior Management and the Board, and the audit process;
 - (ii) identifying the principal financial risks faced by the Company and confirming that Senior Management has implemented appropriate systems to manage and minimize identified risks;
 - (iii) reviewing significant accounting and financial reporting matters, and considering the Company's adherence to accounting principles and compliance with applicable disclosure requirements;
 - (iv) reviewing, considering, reporting and recommending on all significant matters relating to finance for the Company; and
 - (v) reviewing the performance of the external and internal auditors of the Company.

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 (1) year. In making the appointments, the Board requires that: (i) all appointees are Independent Directors who have 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 Company's financial statements; and (ii)

that at least one appointee has a recognized professional accounting designation. The Board will interpret these qualifications in its business judgment and will conclude whether a Director meets these qualifications.

- B. The Chair of the Audit Committee will be appointed by the Board.
- C. The CFO (or appointed designate) will act as the Senior 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 (4) 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, audited annual financial statements, MD&A, reports to shareholders and related financial press releases).
- B. Review, consider and recommend approval by the Board of the quarterly financial reports (unaudited interim financial statements, MD&A, and related financial press releases).
- C. Be satisfied that in respect of the Company's disclosure record, and in particular, its financial disclosure, Senior Management has procedures in place to review such information, and that Senior Management periodically assesses, and revises as needed, the adequacy of such procedures.
- D. Review changes to the Company's significant accounting policies.

- E. 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 Company's policies at least annually with respect to financial risk assessment and financial risk management.
- B. Oversee Senior Management's policies and procedures for the prevention and deterrence of fraud related to financial matters, including financial reporting and misappropriation of assets; and ensure appropriate investigations are undertaken if potential fraud is detected.
- C. Review with Senior Management the Company's capital structure, dividend policy, and share repurchase programs, and make recommendations to the Board for approval, as required.
- D. Review with Senior Management material changes to the Company's commercial and banking arrangements, including Discretionary Authorities and material terms of the Company's credit facilities in light of the Company's operating strategy, risk exposures, financial policies and changes in the applicable law or accounting requirements.
- E. Oversee the Company's significant foreign exchange activities, and swaps and hedging transactions.

OTHER PROCEDURES

- A. Review with Senior Management the financial risks inherent in the business and the effectiveness of the controls thereon, including risk mitigation and management strategies.

- B. Oversee and manage any risk areas designated by the Board to the Committee, as such designated risk area is outlined in the Company's enterprise risk management plan, including implementing appropriate and reasonable plans to mitigate the risks in the Committee's designated risk area.
- C. Oversee Senior Management's reporting and review of the adequacy of internal controls as designed and implemented by Senior Management.
- D. Oversee Senior Management's remediation plans to address significant control deficiencies.
- E. Gain reasonable assurance that the Company complies with the Securities Laws and the requirements of government, regulatory agencies and stock exchange financial reporting and disclosure requirements.
- F. Oversee the Related Party Transactions Policy.
- G. Review annually the Corporate Disclosure Committee Charter.
- H. Review and consider significant actual or potential liabilities of the Company, whether contingent or otherwise, that are reported to it.
- I. Review, on a quarterly basis, the reasonableness of the expenses of the Senior Officers.

IV. 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 Company's accounting policies and principles, and the adequacy and effectiveness of the Company'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:
- (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 Senior 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; and
 - (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 the Company's shareholders.

V. INTERNAL AUDIT

- A. The Vice President, Internal Audit (or appointed designate), has an independent relationship with the Audit Committee with unrestricted access to its members. The Vice President, Internal Audit (or appointed designate), will meet at least quarterly with the Audit Committee. Matters discussed will include the annual audit plan,

internal audit reports, the quality of the Company's accounting policies and principles, the adequacy and effectiveness of the Company's internal control and management information systems and if requested by the Audit Committee, in-camera sessions with the Vice President, Internal Audit (or appointed designate), will be held quarterly or as determined by the Audit Committee.

- B. The Audit Committee will approve the appointment of the Vice President, Internal Audit.
- C. The Audit Committee will:
 - (i) Review annually the Internal Audit Charter;
 - (ii) Review internal audit strategy and audit plan for the year;
 - (iii) Review quarterly internal audit reports;
 - (iv) Review any difficulties which may arise during the course of the internal audit and the ongoing relationship with Senior Management and other departments; and
 - (v) Annually assess the performance and effectiveness of the internal audit function.

VI. 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 review of anonymous submissions by employees in accordance with the 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 to members, minutes for each meeting of the Audit Committee, for approval at the following Audit Committee meeting.
- D. Review and, as needed, amend the Audit Committee Charter annually, and recommend it for approval by the Board.
- E. Review the Company's Director & Officer liability insurance policies (in advance of renewal) and property & liability insurance policies, including the credit quality of its insurance carriers and re-insurers.
- F. Confirm annually to the Board that all responsibilities outlined in this Charter have been carried out.