

**TERMS OF REFERENCE
OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

Composition

1. The Committee will be comprised of no less than three directors of the Company, all of whom must be independent. Unless waived, 24 hour notice must be given. Quorum of meetings shall be a majority of members. Meetings may be by telephone or in person.
2. The length of term to be served by directors on the Committee will be determined by the Board of Directors of the Company (the "Board"), giving consideration to the benefits of periodic rotation of committee membership.
3. One of the members will be appointed Chairman of the Committee by the Board.
4. A secretary to the Committee will be appointed by the Chairman of the Committee. The Secretary of the Committee may or may not be a member of the Committee.
5. With the approval of the Board, the Committee may retain persons having special expertise to assist the Committee in fulfilling its responsibilities.

Responsibilities

1. The responsibilities which the Committee is required to satisfy itself of, on behalf of the Board, are to:
 - (a) recommend to the Board:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditors report or performing other audit, review or attest services for the Company; and
 - (ii) the compensation of the external auditor.
 - (b) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditors report or performing other audit, review or attest services for the Company, including the resolution of disagreements between the management and external auditor regarding financial reporting;
 - (c) pre-approve all non-audit services to be provided to the Company or to its subsidiaries by the Company's external auditor;
 - (d) ensure that the Company's annual financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to the Board whether the annual financial statements should be approved;
 - (e) ensure that the information contained in the following financial publications is not significantly incomplete, misleading or erroneous:
 - (i) Annual Report to Shareholders
 - (ii) Management Discussion and Analysis ("MD&A")
 - (iii) Annual Information Form ("AIF")
 - (iv) Quarterly Financial Information
 - (v) Prospectuses
 - (f) review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;

- (g) ensure that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, other than the public disclosure referred to in subsection (e), and must periodically assess the adequacy of those procedures.
- (h) ensure that there are established procedures for:
 - i. the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (i) review and approves the Company’s policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
- (j) ensure that the Company has implemented appropriate systems of internal control over financial reporting, and appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements; and

Meetings

1. The Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements and for meetings with the external auditors, prior to a submission of observation and recommendations to the Board. Additional meetings may be held as deemed necessary by the Chairman of the Committee or as requested by any member or the external auditors.

Reporting

1. The minutes of all meetings of the Committee, signed by the Chairman of the Committee and the Secretary to the Committee, are to be provided to the Board. Oral reports on recent matters not yet minuted are to be provided to the Board by the Chairman of the Committee.
2. Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request to the Secretary to the Committee.

Operating Procedures

Governance		
		Mtg. after Quarter 1 2 3 4
1.	review the terms of reference and operating procedures of the committee on an annual basis; and	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
2.	provide minutes of meetings of the committee to the Board of Directors.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Relationship with the external auditor		
1.	review the terms of the external auditor's engagement, the appropriateness and reasonableness of the proposed audit fees and any unpaid fees;	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
2.	review of the non-audit services provided by the external auditor's firm or its affiliates and consider the impact on the independence of the external auditor;	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
3.	discuss with management and the auditors whether (a) there was any difference of opinion between company officers and the auditors which, if not satisfactorily resolved, would have resulted in a modified auditor's opinion on the financial statements or (b) the company has sought accounting advice from other accounting firms;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
4.	discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
5.	discuss in private with company officers the level and timeliness of service provided by the auditors and whether they recommend the reappointment of the auditors;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
6.	recommend to the Board of directors each year the retention or replacement of the external auditor; and	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
7.	if there is to be a change of auditor, review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Financial reporting and the annual audit		
1.	review the audit plan and the terms of the external auditor's engagement with the external auditor and with management;	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
2.	obtain information on any changes in financial reporting requirements that may affect the current year's financial statements;	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
3.	review with management and with the external auditor any proposed changes in major accounting policies;	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
4.	review with management and the external auditor the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
5.	question management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
6.	review any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
7.	review with management the status of any material pending or threatening litigation, claims and assessments;	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>

8.	review the annual financial statements, and the auditor's report thereon in detail with management and the auditors; and	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
9.	provide to the Board of directors a recommendation as to whether the annual financial statements should be approved.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Systems and Internal Control		
1.	obtain information on how company officers monitor the effectiveness of the Company's financial reporting controls. Inquire into any significant changes planned regarding systems or controls within the next year.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
2.	If applicable, review the terms of reference of the internal auditor or obtain information on how the internal audit function is discharged.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
3.	if applicable, review the reports issued by the internal auditor and management response and subsequent follow-up to any identified weaknesses;	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
4.	review the evaluation of internal controls by the external auditor; together with management's response; and	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
5.	review the post-audit or management letter, containing the recommendations of the external audit, and management response and subsequent follow-up to any identified weaknesses.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Other Reporting Requirements:		
1.	review with management any significant changes in financial or other risks facing the company;	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
2.	review interim unaudited financial statements with management before release to the public; and	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
3.	review all public disclosure documents containing audited or unaudited financial information before release, including the annual report, the management discussion and analysis, the annual information form and any prospectus	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Other Regulatory Requirements:		
1.	inquire into the policies and procedures the company has in place to monitor compliance with industry and other laws and regulations; and	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
2.	inquire into the company's policies and procedures to monitor compliance with environmental laws, regulations and standards.	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

