

## **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**

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

### **Meetings**

1. The Committee will meet at least three 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.