

## AUDIT COMMITTEE MANDATE

The Board has established an Audit Committee (the “Committee”) to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Company’s accounting, financial reporting, internal controls, disclosure controls, and legal and regulatory compliance.

### 1. Membership

- 1.1 The Committee will have a minimum of three members, including the Chair of the Committee. The Board will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- 1.2 The Board will appoint the Chair of the Committee from the Committee’s members by a majority vote. The Chair of the Committee will hold such position at the pleasure of the Board.
- 1.3 Each member of the Committee will be a director of the Company who has been determined by the Board:
  - (a) to be independent of management and of any direct or indirect material business or other relationship with the Company that could interfere with his or her exercise of independent judgment or his or her ability to act in the best interests of the Company; and
  - (b) to satisfy all the tests for independence (or available exemptions) under applicable laws and rules binding on the Company from time to time, including the applicable rules of any stock exchange on which the Company’s shares are listed or the securities regulatory authority that the Company is governed by.
- 1.4 All members of the Committee will be financially literate, meaning that each of them will have the ability to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that could reasonably be expected to be raised by the Company’s financial statements.
- 1.5 Notwithstanding section 1.4, a director who is not financially literate may be appointed to the Committee provided that he or she becomes financially literate within a reasonable period of time following his or her appointment.
- 1.6 At least one member of the Committee shall be an “audit committee financial expert” within the meaning of applicable rules of the Securities and Exchange Commission and National Instrument 52-110 of the Canadian Securities Administrators.

### 2. Meeting

- 2.1 The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- 2.2 All directors of the Company, including management directors, may attend meetings of the Committee, provided that no director may vote at such meetings or be counted as part of the quorum if he or she is not a member of the Committee.

- 2.3 Notwithstanding section 2.2, the Committee will, as part of each regularly scheduled meeting or as deemed appropriate by the Committee, hold an in-camera session with the external auditors without management or management directors present. The Committee may hold other in-camera sessions with or without such members of management present as the Committee deems appropriate.
- 2.4 The Corporate Secretary or his or her nominee will act as Recording Secretary to the Committee, and will keep minutes of all meetings of the Committee, including all resolutions passed by the Committee.
- 2.5 The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings.
- 2.6 The Chair of the Committee will ensure that the external auditors of the Company receive notice of every meeting of the Committee. The external auditors may request that a meeting of the Committee be called by notifying the Chair of the Committee of such request.
- 2.7 The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum, once established, is maintained even if members of the Committee leave the meeting prior to its conclusion.

### 3. **Duties**

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

#### Financial Reporting

- 3.1 Prior to public disclosure, the Committee will review and recommend to the Board for approval:
  - (a) the annual audited consolidated financial statements of the Company and accompanying management's discussion and analysis;
  - (b) the unaudited interim consolidated financial statements of the Company and accompanying management's discussion and analysis;
  - (c) earnings press releases and earnings guidance, if any;
  - (d) the Company's Annual Information Form and Annual Report on Form 20-F;
  - (e) any management information circular issued by the Company; and
  - (f) any prospectus or registration statement filed by the Company.
- 3.2 In its review of the financial statements, the Committee will focus on:
  - (a) the quality and appropriateness of accounting and reporting practices and principles and any changes thereto;
  - (b) major estimates or judgments, including alternative treatments of financial information discussed by management and the external auditors, the results of such discussions and the treatments preferred by the external auditors;
  - (c) material financial risks, transactions, adjustments, compliance with loan agreements, and off-balance sheet transactions and structures;
  - (d) related-party transactions;
  - (e) compliance with accounting standards;
  - (f) compliance with legal and regulatory requirements; and
  - (g) disagreements with management.

- 3.3 The Committee will satisfy itself 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 section 3.1, and will periodically assess the adequacy of those procedures.

#### External Auditors

- 3.4 The external auditors will report directly to the Committee. The Committee will:
- (a) select the external auditors to be recommended to shareholders for approval, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company and approve all audit engagement fees and terms, taking care to ensure that in the opinion of the Committee, the audit fees charged by the external auditors with respect to the audit are appropriate in relation to the work required to support an audit opinion, without regard to fees that are paid or payable or might be paid to the external auditors for other services;
  - (b) oversee the work of the external auditors and review and approve the annual audit plan of the external auditors, including the scope of the audit to be performed. The Committee will discuss with the external auditors and management the adequacy and effectiveness of the disclosure controls and internal controls over financial reporting of the Company and elicit recommendations for the improvement of such controls or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis will be given to the adequacy of internal controls to prevent or detect any payments, transactions or procedures that might be deemed illegal or otherwise improper;
  - (c) meet regularly with the external auditors without management present and ask the external auditors to report any significant disagreements with management regarding financial reporting, the resolution of such disagreements and any restrictions imposed by management on the scope and extent of the audit examinations or interim reviews conducted by the external auditors;
  - (d) pre-approve all audit, audit-related and permitted non-audit services to be provided to the Company or any of its subsidiaries by the external auditors, in accordance with applicable securities laws;
  - (e) annually review the qualifications, expertise and resources and the overall performance of the external audit team and, if necessary, terminate the external auditors or cause the rotation of the audit partner in charge of the engagement;
  - (f) at least annually, obtain and review a report by the external auditors describing the audit firm's internal quality-control procedures, any material issues raised by the most recent internal quality control review, peer review or review by an auditor oversight body of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues, and all relationships between the external auditors and the Company;
  - (g) annually assess and confirm the independence of the external auditors and require the external auditors to deliver a report to the Committee regarding its independence, such report to include disclosure regarding all engagements (and fees related thereto) by the Company and relationships which may affect the objectivity or independence of the external auditors;

- (h) actively engage in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and for taking appropriate action for overseeing the independence of the external auditor;
- (i) review post-audit management letters containing recommendations of the external auditors, and management's response to such letters;
- (j) review reports of the external auditors; and
- (k) pre-approve the hiring of employees and former employees of current and former auditors.

Notwithstanding section 3.4(d) above, the Committee may delegate the pre-approval of audit, audit-related and non-audit services to any one member of the Committee, provided that a report on any such pre-approval is made to the Committee at the Committee's first scheduled meeting following the pre-approval.

#### Whistleblower, Ethics and Internal Controls Complaint Procedures

- 3.5 The Committee will ensure that the Company has in place adequate procedures for:
- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### Accounting and Financial Management

- 3.6 The Committee will review:
- (a) with management and the external auditors, the Company's significant accounting policies and practices, including any changes from preceding years and any proposed changes for future years;
  - (b) with management and the external auditors, emerging accounting issues and their potential impact on the Company's financial reporting;
  - (c) significant judgments, assumptions and estimates made by management in preparing financial statements;
  - (d) the evaluation by management of the adequacy and effectiveness of the Company's disclosure controls and internal controls over financial reporting;
  - (e) the evaluation by the external auditors of management's internal control systems, management's responses to any identified deficiencies or weaknesses, and any special audit steps adopted in light of material deficiencies or weaknesses;
  - (f) all alternative treatments of financial information discussed by the external auditors and management, the results of such discussions, and the treatments preferred by the external auditors;
  - (g) the effect of off-balance sheet transactions or structures on the financial statements;
  - (h) any errors or omissions in, and any required restatement of, the financial statements for preceding years;
  - (i) all significant tax issues;
  - (j) all material contingent liabilities and related-party transactions;
  - (k) management's approach to safeguarding corporate assets and information systems, the adequacy of staffing of key financial functions, and plans for improvements; and
  - (l) internal interim and post-implementation reviews of major capital projects.

### Legal/Regulatory Matters and Ethics

#### 3.7 The Committee will review:

- (a) with management, the external auditors and legal counsel, any litigation, claim or other contingency, including any tax assessment, that could have a material effect upon the financial position or operating results of the Company;
- (b) annually, management's relationships with regulators, and the accuracy and timeliness of filings with regulatory authorities;
- (c) annually, the ethics policy, management's approach to business ethics and corporate conduct and the program used by management to monitor compliance with the policy; and
- (d) review and approve all related party transactions with any director, executive officer, holder of 5% or more of the Company's voting securities or any family member of the foregoing persons.

### Risk Management

#### 3.8 The Committee will:

- (a) consider management reports on the insurance coverage of the Company;
- (b) consider management reports on financial risk management, including derivative exposure and policies;
- (c) review other risk management matters as from time to time the Committee may consider suitable or the Board may specifically direct.

### Other

#### 3.9 The Committee will review:

- (a) the expenses of the Chief Executive Officer;
- (b) the proposed disclosure concerning the Committee to be included in the Company's Annual Information Form or any management information circular;
- (c) the disclosure policy of the Company; and
- (d) at least once annually, the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Corporate Governance Committee.

#### 3.10 The Committee will oversee the Company's design and evaluation for the effectiveness of:

- (a) disclosure controls and procedures; and
- (b) internal controls over financial reporting.

#### 3.11 The Committee will also have such other duties and responsibilities as are delegated to it from time to time by the Board.

#### 4. **Matters For Which The Committee Is Not Responsible**

The Committee is not responsible for those matters which are the responsibility of management or the external auditors including, without limitation:

- (a) planning and conducting the external audit;
- (b) ensuring that the financial statements of the Company have been prepared in accordance with generally accepted accounting principles;
- (c) ensuring that the financial statements of the Company and the other financial information of the Company contained in regulatory filings and other public disclosure of the Company fairly present in all material respects the financial condition, results of operations and cash flows of the Company;
- (d) ensuring the adequacy of the Company's disclosure controls and procedures structure, internal control over financial reporting structure and the financial risk management systems of the Company; and
- (e) ensuring compliance with applicable laws and regulations.

#### 5. **Authority**

The Committee, in fulfilling its mandate, will have the authority to:

- (a) engage and set compensation for independent counsel and other advisers;
- (b) communicate directly with the Chief Executive Officer, Chief Financial Officer, external auditors and the Company's legal counsel;
- (c) delegate tasks to Committee members or subcommittees of the Committee; and
- (d) obtain from the Company appropriate funding as determined by the Committee to carry out its duties, including: for the payment of compensation of the Company's external auditors for the purpose of issuing an audit report or performing other audit services; compensation of counsel and other advisers; and other administrative expenses of the Committee.

This mandate supersedes and replaces all prior terms of reference pertaining to the Committee and was adopted by a resolution of the Board effective April 8, 2009.

'Darryl F. Jones'

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Darryl F. Jones  
Corporate Secretary