

## **AUDIT COMMITTEE CHARTER**

*The Audit Committee (for the purposes of this section, the “Committee”) of the Board will carry out the procedures, responsibilities and duties set out below, with an aim of maintaining financial controls in strict adherence to applicable regulatory standards and to assist the Board in risk identification, assessment and management.*

### **RESPONSIBILITIES AND DUTIES**

1. The duties and responsibilities of the Committee shall include the following:

- (i) assist the Board in the discharge of their fiduciary responsibilities relating to the Company’s accounting policies, reporting practices and internal controls, as well as to its risk management policies and practices, both financial and operational;
- (ii) maintain direct lines of communications with the Chief Financial Officer and with the external auditor;
- (iii) monitor the scope and costs of the activity of the external auditor, and assess their performance;
- (iv) formally consider the continuation of or a change in the external auditor and review all issues related to a change of external auditor, including any differences between the Company and the auditor that relate to the auditor's opinion or a qualification thereof or an auditor comment;
- (v) recommend to the Board a firm of external auditors for approval by the shareholders of the Company; review and approve the terms of their engagement; review and approve the fee, scope and timing of the audit, and be apprised of and approve in advance any audit related services and any non-audit services (which are not prohibited non-audit services) to be provided by the external auditors and the costs thereof and consider any impact of the provision of such services on the maintenance of their independence and review and the Company’s hiring policies regarding present and former employees of the external auditor;
- (vi) review and recommend approval by the Board of the audited annual financial statements, management discussion and analysis and strategic overview of the Company;
- (vii) review before publication the Company’s unaudited quarterly financial statements, reports of quarterly earnings, and management discussion and analysis with particular attention to the presentation of unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks, changes in accounting principles and estimates of reserves, all significant variances between comparative reporting periods and approve the publication of the Company’s unaudited quarterly financial statements and reports of quarterly earnings;

- (viii) review all financial information included in annual information forms, press releases, prospectuses, other offering memoranda or other documents requiring approval by the Board;
- (ix) review the Statement of Management's Responsibility for the Financial Statements as signed by senior management and included in any published document and review and approve the Statement regarding the role of the Committee as signed by the Chairperson of the Committee and included in any published documents;
- (x) review any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Company and monitor disclosure thereof in documents reviewed by the Committee;
- (xi) review the appropriateness and quality of the accounting policies used in the preparation of the Company's financial statements, and consider any proposed changes to such policies;
- (xii) review with the external auditor the contents of the annual audit report and review any significant recommendations made by the external auditor to strengthen the internal controls of the Company;
- (xiii) review the results of the external audit, any significant problems encountered in performing the audit and the contents of any Management Letter issued by the external auditor to the Company, and management's response thereto;
- (xiv) annually review a report on the audit function with respect to the terms of reference, organization, staffing, independence, performance and effectiveness of the audit services, receive and approve the annual audit plan and obtain assurances in respect of conformity with CICA professional standards and the regulatory standards of other applicable bodies;
- (xv) oversee management's responsibility for designing, installing and maintaining an effective control environment; approve in advance any internal control-related services performed by the external auditor; and receive regular reports on the Company's internal control policies and procedures, with particular emphasis on accounting and financial controls, and recommend changes where appropriate;
- (xvi) review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of the Company;
- (xvii) review and make recommendations to the Board concerning the following:
  - a. the Company's policies regarding hedging, investments, credit and risk management; and
  - b. the Company's risk identification, analysis and management procedures, including risks related to cyber security and data protection (including the protection of private information);

- (xviii) review, prior to each annual shareholders' meeting, the policies and practices concerning the regular examination of officers expenses and prerequisites, including the use of Company assets; and
- (xix) report annually to the full Board, on the state of completion of the annual agenda items of the Audit Committee, with appropriate recommendations.

## **ORGANIZATION AND PROCEDURES**

2. The Committee shall meet regularly, not less than four times per year, and at such other times as may be requested by the Chair of the Committee. The Chief Executive Officer, the Chief Financial Officer, the Controller, the external auditor or any member of the Committee may also request a meeting of the Committee.
3. The Chair of the Committee, in consultation with the Chief Financial Officer, shall set the agenda for each meeting which shall then be circulated among the Committee members.
4. The Chief Executive Officer, the Chief Financial Officer and the Manager of Financial Reporting shall have direct access to the Committee and shall receive notice of and attend all meetings of the Committee except private sessions.
5. The external auditor shall ultimately report to the Board and the Committee and shall at any time have direct access to the Committee and shall receive notice of and be invited to attend all meetings of the Committee except private sessions.
6. The external auditor, and one or more representatives of senior management, shall each meet separately with the Committee, in private sessions, at least once annually.
7. The Chief Information Officer (or other appropriate Company representative) shall meet with the Committee periodically (at least once annually) to report on the Company's information security and related matters.
8. The Committee may contact directly any employee in the Company as it deems necessary.
9. The Committee will establish procedures for:
  - (i) the receipt, retention and treatment of complaints regarding accounting controls or auditing matters; and
  - (ii) the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters and the annual review of compliance under the Company's Code of Ethics for the Chief Financial Officer of the Company.
10. The Committee will periodically review its own Charter, and make recommendations to the Board as required.

## **MEMBERSHIP**

11. The Committee shall consist of not less than three directors, all of whom must be independent directors. The Chair of the Board shall be an *ex-officio* member of the Committee.

12. The Board will annually appoint the members of the Committee.

13. The members of the Committee will serve at the pleasure of the Board and may be removed or replaced at any time, with or without cause, by a majority vote of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by appointment of the Board as soon as is reasonably possible following the vacancy.

## **MEETINGS**

### *Timing*

14. The Committee shall review and prepare a calendar detailing the dates, times and locations of Committee meetings for the following twelve calendar months (the “Scheduled Meetings”).

15. In the event of any revisions to the Scheduled Meetings, or Committee meetings called in addition thereto, notice must be given orally, in writing or by facsimile to each member of the Committee at least 48 hours prior to the time fixed for such Scheduled Meeting.

16. The Chair of the Committee shall prepare an agenda for each Committee meeting and forward such agenda to the Committee at a time reasonably in advance of such meeting.

### *Attendance*

17. The Chair of the Committee shall preside at the Committee meetings. In the absence of the Chair, an alternate may be elected by the Committee to preside at a meeting.

18. The Corporate Secretary, or a person delegated by the Corporate Secretary, will be the secretary to the Committee and will be responsible for recording the Minutes of each Committee meeting. Copies of the Minutes will be forwarded to all Committee members in a timely manner, and the originals will be organized and maintained at the Company’s head office.

19. The Committee may invite to its meetings other members of the Board, management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

### *Procedure*

20. All Committee meetings shall be conducted in accordance with the Articles and the By-laws of the Company. No business of the Committee may be transacted except at a meeting of the

members at which a quorum of the Committee is present (in person or by means of telephone conference) or by a resolution in writing signed by all of the Committee members. A majority of the members of the Committee constitutes a quorum.

21. The Committee shall schedule in camera meetings to take place either before or after each Committee meeting.

#### **AUTHORITY**

22. This charter gives the Committee the authority to carry out the responsibilities described in this charter, and any other responsibilities that the Committee deems necessary to fulfill its obligations and assist the Board in meeting its responsibilities and obligations in respect of matters addressed in this charter.

23. As appropriate, the Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair.

#### **REPORTS**

24. The Chair of the Committee shall report to the Board regularly regarding its deliberations. The Committee shall make such recommendations to the Board as it may deem appropriate and has such decision-making authority as the Board may determine from time to time.

#### **MISCELLANEOUS**

25. The Committee shall conduct an annual review and assessment of its performance, including a review of its compliance with this charter. In conducting its review, the Committee shall take into account all applicable legislative and regulatory requirements, and any guidelines recommended by regulators or stock exchanges with which the Company has a reporting relationship. The Committee may approve revisions to this charter, with guidance from the Chair of the Governance Committee when appropriate.

26. Nothing contained in this charter is intended to assign to the Committee the Board's responsibility to ensure the Company's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Audit Committee.