



Amended: July 29, 2010
Adopted: November 5, 2004

MANDATE OF THE AUDIT COMMITTEE

Purpose

To assist the board of directors (the "Board") in fulfilling its oversight responsibilities for:

- (a) the integrity, quality and transparency of the Company's financial statements;
- (b) the Company's internal control over financial reporting;
- (c) the Company's compliance with legal and regulatory requirements which relate to financial reporting;
- (d) the performance of the internal audit function over financial reporting;
- (e) the appointment (subject to shareholder ratification) of the Company's external auditor with the responsibility for its compensation, independence and qualifications as well as oversight of all the external auditor's audit and allowable non-audit work; and
- (f) such other duties as assigned to it from time to time by the Board.

The function of the audit committee (the "Committee") is oversight. The members of the Committee are not full-time employees of the Company. The Company's management is responsible for the preparation of the Company's financial statements in accordance with applicable accounting standards and applicable laws and regulations. The Company's external auditor is responsible for the audit and review, as applicable, of the Company's financial statements in accordance with applicable auditing standards and laws and regulations.

In carrying out its oversight role, the Committee and the Board recognize that the Company's management is responsible for:

- (a) implementing and maintaining suitable internal controls and disclosure controls;
- (b) the preparation, presentation and integrity of the Company's financial statements; and
- (c) the appropriateness of the accounting principles and reporting policies that are used by the Company.

The Committee

The Committee shall consist of at least three members of the Board. The Board will appoint the Committee members and the Committee Chair.

The Board will ensure that the Chair of the Committee and its members are independent and financially literate. Both independence and financial literacy are defined in National Instrument 52-110 ("NI 52-110").

Procedures, Powers and Duties

In carrying out its oversight role, duties and responsibilities, the Committee believes that its policies and procedures should remain flexible, within appropriate regulatory and GAAP guidelines, in order to best react to changing events, conditions and circumstances.

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. The Committee will invite members of management,

auditors or others to attend meetings and provide pertinent information, as necessary. The Committee will hold private meetings with auditors and Company executives. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

No business shall be transacted by the Committee except at a meeting where a majority of the members are present, either in person or by teleconference or video conference.

The Committee may:

- (a) engage outside legal, audit or other counsel at the Company's expense, without the prior approval of the directors of the Company;
- (b) review any corporate counsel's reports of evidence of a material violation of security laws or breaches of fiduciary duty;
- (c) seek any information it requires from employees – all of whom are directed to cooperate with the Committee's request – or external party; and
- (d) meet with Company officers, external auditors or outside counsel, as necessary.

The Committee's business will be recorded in minutes of the Committee meetings, which shall be submitted to the Board.

Responsibilities

The Committee will carry out the following responsibilities:

Financial Statements

- Review and discuss with management and the external auditors the quarterly and annual financial statements and disclosures made under Management's Discussion and Analysis of Financial Condition and Results of Operations, and, if appropriate, recommend to the Board the approval prior to release or inclusion in any reports to shareholders and/or Securities Commissions. Such discussion shall include:
 - (a) the independent auditor's judgment about the quality, not just the acceptability, of accounting principles applied by the Company;
 - (b) the reasonableness of the significant judgments;
 - (c) the clarity and completeness of the financial statement disclosure;
 - (d) any accounting adjustments that were noted or proposed by the external auditor but were passed (as immaterial or otherwise); and
 - (e) any communication between the audit team and the national office relating to accounting or auditing issues encountered during the audit.
- Review disclosures related to any insider and affiliated party transactions.

Internal Controls

- Review with management, the internal auditor, and the external auditor the adequacy and effectiveness of the Company's systems of internal control and accounting and financial disclosure, including policies, procedures and systems to assess, monitor and manage the Company's assets, liabilities, revenues and expenses. In addition, the Committee will review and discuss the appropriateness and timeliness of the disposition of any recommendations for improvements in internal control over financial reporting and procedures.

- Obtain and review reports of the external auditor and reports of the internal auditor on significant findings and recommendations on the Company's internal controls, together with management's responses.
- Discuss with the internal auditor, policies regarding financial risk assessment and financial risk management. While it is the responsibility of management to assess and manage the Company's exposure to financial risk, the Committee will discuss and review guidelines and policies that govern the process. The discussion may include the Company's financial risk exposures and the steps management has taken to monitor and control such exposures.

External Auditor

Receive reports directly from the external auditor..

- Discuss with representatives of the external auditor the plans for their audit, including the adequacy of staff. The Committee will have separate discussions with the independent auditors, without management present, on:
 - (a) the results of their audit and quarterly reviews;
 - (b) any difficulties encountered in the course of their work, including restrictions on the scope of activities or access to information;
 - (c) management's response to audit issues; and
 - (d) any disagreements with management.
- Establish and implement policies and procedures for pre-approval of allowable services provided by the independent auditor that safeguard the independence of the independent auditor and which may include the delegation of pre-approval authority for non-audit services to the Chair of the Committee provided that a full report is presented to the Committee at its next scheduled meeting.
- Recommend the appointment, compensation and termination of the external auditor to the Board. The appointment and termination of the external auditor are the exclusive responsibility of the shareholders of the Company.
- Provide oversight of the quarterly review and audit work of the external auditor as well as oversee the resolution of any disagreements between management and the independent auditor.
- Ensure that at all times there are direct communication channels between the Committee and the external auditor of the Company to discuss and review specific issues, as appropriate.
- Meet separately, on a regular basis, with management and the independent auditor to discuss any issues or concerns warranting Committee attention. As part of this process, the Committee shall provide sufficient opportunity for the independent auditor to meet privately with the Committee.

- At least annually, obtain and review a report by the independent auditor describing:
 - (a) the firm's internal quality control procedures;
 - (b) sanctions made by any government or professional authorities, respecting independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and
 - (c) all relationships between the independent auditor and the Company in order to assess external auditor independence and receive a letter each year from the external auditor confirming its continued independence.
- Allow the external auditor of the Company to attend and be heard at any meeting of the Committee.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the external auditor as more fully described in NI 52-110.

Internal Audit

- Approve Internal Audit's charter, authority and organizational reporting lines.
- Approve the annual audit plan for the internal audit department. Such a plan will normally include a budget, staffing information, projects to be audited indicating time and other resources, if any, assigned, basis of selecting projects for audit and outside contractors, if any, to be used.
- Approve Internal Audit's performance and longer term audit plans, budgets and staffing.
- In advance, approve the hiring, promotion, termination, bonuses and other special compensation awards as well as changes proposed by management in base compensation for the internal auditor.
- Ensure that at all times there are direct communication channels between the Committee and the internal auditor of the Company to discuss and review specific issues, as appropriate. Meet periodically with the internal auditor without the presence of management and the external auditor.

Whistleblower

- Review procedures established with respect to employees and third parties for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
 - (b) confidential, anonymous submissions of concerns regarding questionable accounting or auditing matters; and
 - (c) dealing with the reporting, handling and taking of remedial action with respect to alleged illegal or unethical behaviour, as provided in the Company's Code of Business Conduct and Ethics.

Compliance

- Review disclosures made by the Company's principal executive officer and principal financial officer regarding compliance with their certification obligations as required by the regulators.
- Review the Company's principal executive officer and principal financial officer's quarterly and annual assessment of the design of the Company's disclosure controls and procedures and internal control over financial reporting.
- Review the findings of any examination by regulatory agencies, and any auditor observations.
- Receive reports, if any, from management and corporate legal counsel of evidence of material violation of securities laws or breaches of fiduciary duty.

Reporting Responsibilities

- Regularly report to the Board on Committee activities, issues and related recommendations.
- Report annually to the shareholders, describing the Committee's composition, responsibilities and how they are discharged, and any other information required by legislation.
- Review and discuss with management earnings press releases, as well as financial information and earnings guidance. Such discussions may, in the discretion of the Committee, be done generally (i.e. by discussing the types of information to be disclosed and the type of presentation to be made) and need not be in advance of each earnings release or each instance in which the Company gives earnings guidance.

Other Responsibilities

- Perform any other related activities as requested by the Board.
- Review and assess the adequacy of the Committee mandate annually, requesting Board approval for proposed changes.
- Institute and oversee special investigations, as needed.