

AUDIT COMMITTEE CHARTER

ORGANIZATION

There shall be a committee of the board of directors (the “Board”) to be known as the audit committee (the “Audit Committee”). The Audit Committee shall be composed of no fewer than three (3) directors, all of whom are independent of the management of the Corporation and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as an Audit Committee member. All Audit Committee members shall have the ability to read and understand financial statements and at least one Audit Committee member shall have accounting or related financial expertise.

STATEMENT OF POLICY

The Audit Committee shall provide assistance to the directors in fulfilling their responsibilities in connection with the supervision of the accounting and reporting practices of the Corporation, and the quality and integrity of the financial reports of the Corporation. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors and the financial management of the Corporation. The Corporation currently does not have an internal audit function. If this function is established in the future, then this Charter will be amended to reflect this.

CONTINUOUS ACTIVITIES – GENERAL

1. Provide an open avenue of communication between the independent auditor and the Board.
2. Confirm and assure the independence of the independent auditor.
3. Review with the independent auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
4. Inquire of management and the independent auditor about significant risks or exposure, including those which could impact the financial reporting of the Corporation, and assess the steps management has taken to minimize such risks.
5. Assess the effectiveness of management’s overall process for identifying principal business risks and report thereon to the Board.
6. Ensure that the disclosure of the process followed by the Board and its committees with respect to the oversight of the Corporation’s management of principal business risks is complete and fairly presented.
7. Consider and review with management and the independent auditor:
 - (a) the adequacy of the Corporation’s internal controls, including computerized information system controls and security; and

- (b) related findings and recommendations of the independent auditor together with management's responses.
- 8. Consider and review with management and the independent auditor:
 - (a) significant findings during the year, including the status of previous audit recommendations;
 - (b) any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information; and
 - (c) management's letter and post-audit response.
- 9. Ensure that management has developed and implemented appropriate policies regarding continuous disclosure and that there is compliance with filing requirements and prompt reporting to all investors of material events impacting the Corporation.
- 10. Meet periodically with the independent auditor and management in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.
- 11. Report periodically to the Board on significant results of the foregoing activities.
- 12. Instruct the independent auditor that the Board, as fiduciary for the shareholders, is the independent auditor's client.
- 13. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

CONTINUOUS ACTIVITIES – REPORTING

- 1. Advise financial management and the independent auditor that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
- 2. Provide that financial management and the independent auditor discuss with the Audit Committee their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation and particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.
- 3. Inquire as to the independent auditor's independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the Corporation.
- 4. Inquire as to the independent auditor's views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition and whether those principles are common practices or are minority practices.

5. Determine, as regards new transactions or events, the independent auditor's reasoning regarding the appropriateness of the accounting principles and disclosure practices adopted by management.
6. Assure that the independent auditor's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure practices.
7. Inquire as to the independent auditor's views about how the Corporation's choices of accounting principles and disclosure practices may affect shareholders and public views and attitudes about the Corporation.

SCHEDULED ACTIVITIES

1. Recommend the selection of the independent auditor, for approval by the Board, approve the compensation of the independent auditor and review and approve the discharge of the independent auditor. When there is to be a change of independent 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 Instrument 51-102, and the planned steps for an orderly transition.
2. Consider, in consultation with the independent auditor, the audit scope and plan of the independent auditor.
3. Review with management and the independent auditor the results of annual audits and related comments in consultation with other committees, as deemed appropriate, including:
 - (a) the independent auditor's audit of the Corporation's annual consolidated financial statements, accompanying footnotes and its report thereon;
 - (b) any significant changes required in the independent auditor's audit plans;
 - (c) any difficulties or disputes with management encountered during the course of the audit;
 - (d) any significant variances between comparative reporting periods; and
 - (e) other matters related to the conduct of the audit, which are to be communicated to the Audit Committee under Canadian Generally Accepted Auditing Standards.
4. Review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of independent auditor.
5. Arrange for the independent auditor to be available to the full Board at least annually to help provide a basis for the Board to recommend the appointment of the independent auditor.
6. Assure that the independent auditor's reasoning is described in accepting or questioning significant estimates by management.
7. Review the unaudited quarterly consolidated financial statements and all material continuous disclosure documents prepared by management.

“WHEN NECESSARY” ACTIVITIES

1. Review and approve requests for any non-audit services to be performed by the independent auditor’s firm or its affiliates, together with estimated fees, be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and consider the impact of the provision of such services on the independence of the independent auditor.
2. Review periodically with general counsel legal and regulatory matters that may have a material impact on the Corporation’s business, financial statements, compliance policies and programs and any reportable events.
3. Review all public disclosure documents containing audited or unaudited financial information before release, including any prospectus. In addition, the Audit Committee shall review and be satisfied that adequate procedures are in place for the review and timely disclosure of financial information by the Corporation extracted or derived from the Corporation’s audited and unaudited consolidated financial statements and periodically assess the adequacy of those procedures.
4. Conduct or authorize investigations into any matters within the Audit Committee’s scope of responsibilities.

NOMINATION

The Board shall appoint the members of the Audit Committee and the Chair of the Audit Committee annually at the first meeting of the Board after the meeting of the shareholders at which directors are elected each year. The Board may appoint a member to fill a vacancy which occurs in the Audit Committee between annual elections of directors. Any member of the Audit Committee may be removed or replaced at any time by the Board.

MEETINGS

The Audit Committee shall meet as frequently as it determines necessary but not less frequently than once each quarter. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. The Chair of the Audit Committee may call meetings of the Audit Committee and must call a meeting when requested to do so by a member of the Audit Committee, the independent auditor, the Chairman and Chief Executive Officer or the Chief Financial Officer. Notice of the time and place of each meeting of the Audit Committee must be given to each member of the Audit Committee and the independent auditor, not less than 48 hours before the time of the meeting. A quorum of the Audit Committee shall be a majority of its members. The powers of the Audit Committee may be exercised at a meeting at which a quorum of the Audit Committee is present in person or by telephone or other electronic means. Each member is entitled to one vote in Audit Committee proceedings.

REPORTS

The Audit Committee shall report the proceedings of each meeting and all recommendations made by the Audit Committee at such meeting to the Board at the Board's next meeting. The Audit 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.

ACCESS TO MANAGEMENT AND OUTSIDE ADVISORS

The Audit Committee shall have full, free and unrestricted access to management and employees and to the independent auditor. The Audit Committee has the authority to retain legal counsel, consultants or other advisors with respect to any issue or to assist it in fulfilling its responsibilities without consulting or obtaining the approval of any officer of the Corporation and the Corporation shall provide appropriate funding, as determined by the Audit Committee, for any such advisors.

PERIODIC REVIEW AND ASSESSMENT

The Audit Committee shall conduct periodic reviews and assessments of its performance, including reviews of its compliance with this Charter. The Audit Committee shall conduct such reviews and assessments in such manner as it deems appropriate and report the results to the Board. The Audit Committee shall also periodically review and assess the adequacy of this Charter taking into account all legislative and regulatory requirements applicable to the Audit Committee as well as any best practice guidelines recommended by regulators or stock exchanges with which the Corporation has a reporting relationship.