

AUDIT COMMITTEE CHARTER

1. PURPOSE

The overall purpose of the audit committee (the “Committee”) of the Corporation is to monitor the Corporation’s system of internal financial controls, to evaluate and report on the integrity of the financial statements including the management’s discussion and analysis and related press releases of the Corporation, to enhance the independence of the Corporation’s external auditor and to oversee the accounting and financial reporting processes and audits of financial statements of the Corporation.

2. COMPOSITION, PROCEDURES AND ORGANIZATION

- 2.1 The Committee shall consist of at least three members of the board of directors of the Corporation (the “Board”), each of whom shall be, in the determination of the Board, “independent” as that term is defined by Multilateral Instrument 52-110 - Audit Committees (“MI 52-110”), as amended from time to time. In addition, each member of the Committee shall meet the independence requirements of the American Stock Exchange, as such requirements may be changed from time to time, and of the Sarbanes-Oxley Act of 2002 and the rules issued thereunder. The definition of “independent” for the purposes of MI 52-110 is set out in Exhibit A hereto.
- 2.2 All members of the Committee shall be, in the determination of the Board, “financially literate”, as that term is defined by MI 52-110. The definition of “financially literate” is set out in Exhibit A hereto.
- 2.3 At least 25% of the members of the Committee shall be resident Canadians.
- 2.4 The Board, at its organizational meeting held in conjunction with each annual meeting of shareholders, shall appoint the members of the Committee for the ensuing year or until their resignations or their successors are duly appointed. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a director shall cease to be a member of the Committee.
- 2.5 Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from amongst their number.
- 2.6 The Committee shall have access to such officers and employees of the Corporation and to the Corporation’s external auditor and its legal counsel, and to such information respecting the Corporation as it considers necessary or advisable in order to perform its duties.
- 2.7 Notice of meetings may be given to the external auditor, who shall, at the expense of the Corporation, be entitled to attend and to be heard thereat.
- 2.8 Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually or more frequently as circumstances dictate, at such times and at such locations as the chair of the Committee shall determine;

- (b) the external auditor or any member of the Committee may call a meeting of the Committee;
 - (c) any director of the Corporation may request the chair of the Committee to call a meeting of the Committee and may attend such meeting to inform the Committee of a specific matter of concern to such director, and may participate in such meeting to the extent permitted by the chair of the Committee; and
 - (d) the external auditor and management employees shall, when required by the Committee, attend any meeting of the Committee.
- 2.9 The external auditor shall be entitled to communicate directly with the chair of the Committee and may meet separately with the Committee. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- 2.10 Compensation to members of the Committee shall be limited to directors' fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the Corporation (other than as members of the Board and Board committee members).
- 2.11 The Committee is authorized, at the Corporation's expense, to retain independent counsel and other advisors as it determines necessary to carry out its duties and to set their compensation.

3. **DUTIES**

- 3.1 The overall duties of the Committee shall be to:
- (a) assist the Board in the discharge of its duties relating to the Corporation's accounting policies and practices, reporting practices and internal controls;
 - (b) establish and maintain a direct line of communication with the Corporation's external auditor and assess its performance;
 - (c) oversee the co-ordination of the activities of the external auditor;
 - (d) ensure that management of the Corporation has designed, implemented and is maintaining an effective system of internal controls;
 - (e) monitor the credibility and objectivity of the Corporation's financial reports;
 - (f) report regularly to the Board on the fulfilment of the Committee's duties;
 - (g) assist the Board in the discharge of its duties relating to the Corporation's compliance with legal and regulatory requirements; and
 - (h) assist the Board in the discharge of its duties relating to risk assessment and risk management.

- 3.2 The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting, and in carrying out such oversight the Committee's duties shall include:
- (a) recommending to the Board a firm of external auditor to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation and recommending the compensation of the external auditor;
 - (b) reviewing, where there is to be a change of external auditor, 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 Continuous Disclosure Obligations, as amended from time to time ("NI 51-102"), and the planned steps for an orderly transition;
 - (c) reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 on a routine basis, whether or not there is to be a change of external auditor;
 - (d) reviewing the engagement letters of the external auditor, both for audit and non-audit services;
 - (e) reviewing the performance, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditor; and
 - (f) reviewing and approving the nature of and fees for any non-audit services performed for the Corporation by the external auditor and consider whether the nature and extent of such services could detract from the firm's independence in carrying out the audit function.
- 3.3 The duties of the Committee as they relate to audits and financial reporting shall be to:
- (a) review the audit plan with the external auditor and management;
 - (b) review with the external auditor and management any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of management that may in any such case be material to financial reporting;
 - (c) review the contents of the audit report;
 - (d) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (e) review the scope and quality of the audit work performed;
 - (f) review the adequacy of the Corporation's financial and auditing personnel;

- (g) review the co-operation received by the external auditor from the Corporation's personnel during the audit, any problems encountered by the external auditor and any restrictions on the external auditor's work;
- (h) review the internal resources used;
- (i) review the evaluation of internal controls by the internal auditor (or persons performing the internal audit function) and the external auditor, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses;
- (j) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) and any key financial executives involved in the financial reporting process;
- (k) review and approve the Corporation's annual audited financial statements and Form 20-F and those of its subsidiaries in conjunction with the report of the external auditor thereon including related management's discussion and analysis and press release, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (l) review and approve the Corporation's interim unaudited financial statements and Form 6-K including related management's discussion and analysis and press release and auditors' review thereof, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (m) establish a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and employees' confidential anonymous submission of concerns regarding accounting and auditing matters;
- (n) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (m) above, and periodically re-assess the adequacy of those controls; and
- (o) review the terms of reference for an internal auditor or internal audit function.

3.4 The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:

- (a) review the effect of regulatory and accounting initiatives and changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the Corporation's financial reporting as reported to the Committee by management and the external auditor;

- (b) review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements and consider recommendations for any material change to such policies;
- (c) review the status of material contingent liabilities as reported to the Committee by management;
- (d) review the status of income tax returns and potentially significant tax problems as reported to the Committee by management;
- (e) review any errors or omissions in the current or prior year's financial statements;
- (f) review and approve before their release all public disclosure documents containing audited or unaudited financial information, including all annual and interim earnings press releases, management's discussion and analysis, prospectuses, annual reports to shareholders and annual information forms; and
- (g) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.

3.5 The other duties of the Committee shall include:

- (a) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (b) formulating clear hiring policies for partners, employees and former partners and employees of the Corporation's present and former external auditor;
- (c) reviewing annual operating and capital budgets;
- (d) reviewing the funding and administration of the Corporation's compensation and pension plans;
- (e) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (f) inquiring of management and the external auditor as to any activities that may be or may appear to be illegal or unethical; and
- (g) any other questions or matters referred to it by the Board.

AUDIT COMMITTEE CHARTER

Meaning of “**Financially Literate**”:

“**Financially Literate**” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Meaning of “**Independence**”:

1. A member of the Committee is independent if he or she has no direct or indirect material relationship with the Corporation.
2. For the purposes of paragraph (1), a “material relationship” is a relationship which could, in the view of the Corporation’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.
3. Despite paragraph (2), the following individuals are considered to have a material relationship with the Corporation:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of Corporation;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
 - (c) an individual who:
 - (i) is a partner of a firm that is the Corporation’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the Corporation’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;

- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last three years.
4. Despite paragraph (3), an individual will not be considered to have a material relationship with the Corporation solely because he or she had a relationship identified in paragraph (3)(c) if that relationship ended before March 30, 2004.
 5. For the purposes of paragraphs (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
 6. For the purposes of paragraph (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the Corporation, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.
 7. Despite paragraph (3), an individual will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the Corporation, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Corporation on a part-time basis.
 8. For the purpose of paragraphs 1 through 7, the Corporation includes a subsidiary entity of the Corporation and a parent of the Corporation.
 9. Despite any determination made under paragraphs 1 through 7, an individual who
 - (a) has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the Corporation or any of its subsidiary entities,is considered to have a material relationship with the Corporation.

10. For the purposes of paragraph 9, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.

11. For the purposes of paragraph 9, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service."