



**AUDIT COMMITTEE CHARTER**  
**(approved May, 2013)**

**A. PURPOSE**

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities, relating to:

- (i) the Company's accounting and financial reporting process and systems of internal accounting and financial controls;
- (ii) the quality and integrity of the Company's financial statements;
- (iii) the Company's compliance with legal and regulatory requirements; and
- (iv) the independence and performance of the Company's external auditor.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Board of Directors of the Company (the "Board") shall appoint the members and the Chair of the Committee each year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
2. The Committee shall consist of at least three members of the Board all of whom shall be independent in accordance with the securities laws, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces and territories of Canada and the U.S. Securities and Exchange Commission (the "SEC"), and the stock exchanges on which the Company's securities are listed, including without limitation the Toronto Stock Exchange and the Nasdaq Global Market ("Securities Laws"), subject to any exemptions provided thereunder.
3. All Committee members shall be financially literate as defined by Securities Laws and at least one member of the Committee shall be a "financial expert" as defined by the SEC, unless otherwise determined by the Board. The Chair of the Board shall be an ex-officio member of the Committee.
4. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.
5. The Corporate Secretary of the Company shall be the secretary of the Committee, unless otherwise determined by the Committee.
6. The Committee shall meet at least four times annually on such dates and at such locations as may be determined by the Chair and may also meet at any other time or times on the call of the Chair, the external auditor or any two of the other Committee members.

7. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. The Committee may also act by unanimous written consent of its members.
8. The external auditors or any two Directors may request the Chair to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to the external auditor or such Directors, and may participate in such meeting.
9. Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
10. The Chair shall develop the Committee's agenda, in consultation with the other members of the Committee, the Board and management, as necessary. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
11. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee shall, attend a meeting of the Committee. The external auditor shall receive notice of and have the right to attend all meetings of the Committee.
12. The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).
13. The external auditor shall have a direct line of communication to the Committee through the Chair and may bypass management if deemed necessary. The external auditor shall report to the Committee and is ultimately accountable to the Board and the Committee.
14. The Committee, through its Chair, may contact directly the external auditor, the internal auditor, if any, and any employee of the Company as it deems necessary.
15. In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Company, to the Company's legal counsel and to such other information respecting the Company as it considers necessary or advisable in order to perform its duties and responsibilities.
16. The Committee shall annually assess its performance and review this charter and the calendar of activities, attached as Appendix A, and to submit any recommended changes thereto for approval by the Board of Directors.

#### **C. OUTSIDE CONSULTANTS AND ADVISORS**

The Committee, when it considers it necessary or advisable, may retain, at the Company's expense, outside consultants or advisors to assist or advise the Committee independently on any matter

within its mandate. The Committee shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve the fees and other retention terms for such persons.

#### **D. ROLES AND RESPONSIBILITIES**

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities as outlined in the “Purpose” section of this charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee as outlined in the “Purpose” section of this charter.

The Committee shall carry out the duties set forth below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. The Committee’s principal responsibility is one of oversight. The Company’s management is responsible for preparing the Company’s financial statements and ensuring their accuracy and completeness, and the Company’s external auditor is responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not required to provide any expert or special assurance as to the Company’s financial statements or any professional certification as to the external auditor’s work.

##### **1. Overall Duties and Responsibilities**

The overall duties and responsibilities of the Committee shall be as follows:

- a) to assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of the Company’s accounting policies and principles, reporting practices and internal controls;
- b) to assist the Board in the discharge of its responsibilities relating to compliance with disclosure requirements under applicable Securities Laws, including approval of the Company’s annual and quarterly consolidated financial statements together with the Management’s Discussion and Analysis;
- c) to oversee the work of and to establish and maintain a direct line of communication with the Company’s external auditor and internal auditor (if any) and assess their performance;
- d) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal controls; and
- e) to report regularly to the Board on the fulfillment of its duties and responsibilities.

##### **2. Public Filings, Policies and Procedures**

The Committee is charged with the responsibility to:

- a) review and approve for recommendation to the Board:

- i) the annual audited financial statements, with the report of the external auditors, Management's Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;
  - ii) the interim unaudited financial statements, Management's Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;
  - iii) financial information in earnings press releases;
  - iv) the annual information form;
  - v) prospectuses; and
  - vi) financial information in other public reports and public filings requiring approval by the Board;
- b) ensure adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the Company's disclosure controls and procedures, and management's evaluation thereof, to ensure that financial information is recorded, processed, summarized and reported within the time periods required by law;
- c) review disclosures made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process for any statutory documents about any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in internal controls;
- d) review with management and the external auditor:
- i) significant variances in actual financial results for the applicable period from budgeted or projected results;
  - ii) any actual or proposed changes in accounting or financial reporting practices;
  - iii) any significant or unusual events or transactions and the methods used to account for significant or unusual transactions where different approaches are possible;
  - iv) any actual or potential breaches of debt covenants;
  - v) the consistency of, and any changes to, accounting policies both on a year to year basis and across the Company/group;
  - vi) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments;
  - vii) the presentation and impact of significant risks and uncertainties;
  - viii) the accuracy, completeness and clarity of disclosure in the Company's financial reports and the context in which statements are made;
  - ix) any tax assessments, changes in tax legislation or any other tax matters that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;

- x) any litigation, claim or other contingency that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - xi) all material information presented in Management's Discussion and Analysis;
  - xii) material communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;
  - xiii) with the external auditor any fraud, illegal acts, deficiencies in internal controls or other similar issues; and
  - xiv) general accounting trends and issues of auditing policy, standards and practices which affect or may affect the Company;
- e) review with management and the external auditor any correspondence with securities regulators or other regulatory or government agencies which raise material issues regarding the Company's financial reporting or accounting policies.

### 3. **External Auditor**

The duties and responsibilities of the Committee as they relate to the external auditor shall be as follows:

- a) to consider and make recommendations to the Board, to be put to shareholders for approval at the annual meeting of shareholders, in relation to the appointment, re-appointment or removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor and if an auditor resigns the Committee shall investigate the issues leading to such resignation and decide whether any action is required;
- b) to oversee the relationship with the external auditor, including, without limitation:
  - i) to recommend to the Board for approval the engagement of the external auditor for interim reviews and the remuneration for the audit and interim reviews and to assess whether fees for audit or non-audit services are appropriate to enable an adequate audit to be conducted;
  - ii) to review the terms of engagement for the external auditor and review any engagement letter issued at the start of each audit and the scope of the audit;
  - iii) to assess annually the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services, which assessment shall include receipt of a report from the external auditor delineating all relationships between the auditor and the Company;
  - iv) to assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process which shall include a report from the external auditor on its own internal quality procedures;
  - v) to satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business);

- vi) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Company;
  - vii) to monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- c) to review with the external auditor, upon completion of the audit and interim reviews:
- i) contents of the report;
  - ii) scope and quality of the audit work performed;
  - iii) adequacy of the Company's financial and auditing personnel;
  - iv) co-operation received from the Company's personnel during the audit;
  - v) internal resources used;
  - vi) significant transactions outside of the normal business of the Company;
  - vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles and management systems;
  - viii) the quality, acceptability and integrity of the Company's accounting policies and principles;
  - ix) the non-audit services provided by the external auditor;
  - x) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;
  - xi) the management letter and management's response to the external auditor's findings and recommendations;
- and report to the Board in respect of the foregoing and on such other matters as they consider necessary;
- d) to implement structures and procedures to ensure that the Committee meets with the external auditor on a regular basis in the absence of management in order to review any difficulties encountered in carrying out the audit and to resolve disagreements between the external auditor and management; and
- e) to pre-approve the retention of the external auditor for any non-audit service and the fee for such service.

The Committee may satisfy the pre-approval requirement in subsection (e) if:

- i) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the services are provided;
- ii) the services were not recognized by the Company at the time of the engagement to be non-audit services; and

- iii) the services are promptly brought to the attention of the Committee and are approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members the authority to pre-approve non-audit services provided that the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

For greater certainty, the external auditor shall report directly and be responsible to the Audit Committee.

#### 4. **Internal Controls, Risk Management and Compliance**

The duties and responsibilities of the Committee as they relate to the internal controls, risk management and compliance are to:

- a) evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;
- b) review the adequacy, appropriateness and effectiveness of the Company’s policies and business practices which impact on the integrity, financial and otherwise, of the Company, including those relating to insurance, accounting, information services and systems and financial controls, management reporting, Code of Business Conduct and risk management;
- c) receive a report from management on tax issues and planning, including compliance with the Company’s source deduction obligations and other remittances under applicable tax or other legislation;
- d) review compliance under the Company’s Code of Business Conduct, Anti-Corruption Policy and Timely Disclosure and Insider Trading Policy;
- e) review any issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;
- f) periodically review the Company’s accounting and auditing policies, practices and procedures and the extent to which recommendations made by the external auditor have been implemented;
- g) review annually the adequacy and quality of the Company’s financial and accounting staffing, including the need for and scope of internal audit reviews (if any);
- h) review annually with the external auditor any significant matters regarding the Company’s internal controls and procedures over financial reporting, including any significant deficiencies or material weaknesses in their design or operation, that have come to their attention during the conduct of their annual audit, and review whether internal control recommendations made by the auditor have been implemented by management;

- i) be responsible for the Company risk management processes including (a) reviewing the Company's risk register and Global Risk Policy; (b) receiving reports from management and other Board committees, including without limitation the Safety and Sustainability Committee, on the identification, assessment and management of risks; and (c) reviewing major risk exposures and the guidelines and policies that management has put in place to govern the process of monitoring, controlling and reporting such exposures;
- j) review and recommend for approval by the Board the appointment of the Chief Financial Officer and review the appointment of any other key financial executives involved in the financial reporting process;
- k) establish procedures for:
  - i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and
  - ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;and review any such complaints and concerns received and the investigation and resolution thereof, including without limitation the review of all complaints and concerns of any nature under the Whistleblower Policy;
- l) review any correspondence from regulators or government entities or other issues relating to compliance with laws or regulations that could have an impact on the Company's financial condition;
- m) review and approve related party transactions.