

CHARTER OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Background

The audit and risk management committee (the “Committee”) is responsible for monitoring and overseeing; (i) the accounting policies and the financial reporting process of the Corporation, (ii) its internal accounting and financial control systems, (iii) the management of financial risks; (iv) its external audit process, including the appointment of the auditors, its monitoring, and the compensation of the Corporation’s external auditors (vi) to monitor plan to ensure optimal use of the Corporation’s resources and (vi) to implement and monitor a risk identification and management mechanism.

Purpose

The Committee also assists the Board of Directors in fulfilling its continued examination of the Corporation’s systems of internal controls, to ensure their compliance with laws, regulations and with the Corporation’s own code of business ethics and conduct.

To perform its role effectively, the Committee is authorized to obtain any information it requires from the officers of the Corporation, from its employees or from external parties; to retain, if needed and at the expense of the Corporation, outside legal or professional counsel and other experts and to ensure the attendance of Corporation’s officers at meetings as appropriate.

Composition

The Committee is comprised of at least three directors and the quorum is set at two members.

The members of the Committee must be financially literate and must be independent directors, in compliance with Multilateral Instrument 52-110.

The Board of Directors shall designate a director as the chair of the Committee. If the chair cannot attend a meeting, a meeting president will be appointed by the attending members and his responsibility are as follows:

- Ensure the preparation of the agenda for the audit committee meetings in collaboration with the VP Finance and CFO;
- Ensure the effective process of meeting;
- Ensure that all minutes of the meetings are prepared and signed;
- Prepare report to the Board of Directors of all activities of the committee;
- Annually evaluate the performance of each of the members of the committee.

The members of the Committee are appointed by the Board of Directors and their mandate shall extend to the Annual meeting of shareholders or until a successor is duly appointed. Any vacancy shall be filled by the Board of Directors; though in the interim period when a vacancy exists, the Committee shall consist of the remaining members as long as there are at least two members.

The remuneration of the chair and of the members of the Committee is set by the Board of Directors.

Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall automatically cease to be a member of the Committee upon ceasing to be a director.

Meetings

The chair of the Committee, a member of the Committee, the external auditor or an officer of the Corporation can convene a meeting of the Committee.

Locations and dates of meetings, their agenda and the procedures of the meetings are at the discretion of the Committee, but must be held at least once per quarter.

The Committee shall name a secretary for its meetings, whom need not be a member of the Committee, to take the minutes of the meetings, then get them approved, prior to submitting them to the Board of Directors.

As long as a meeting is duly called, a member is expected to attend each meeting either in person or via tele-conference or video-conference.

The external auditor or the chief financial officer can require to be heard by the Committee without the presence of any other officer of the Corporation.

Notwithstanding the preceding, the Committee can require that all non-members be excluded from all or a specific portion of the Committee's discussions.

The Committee can convene a special meeting of the Board of Directors, as circumstances require.

Audit Duties and Responsibilities

As required by Regulation 52-110, the Committee has the duty and responsibility to:

- Recommend the appointment of external auditors and their remuneration to the Board of Directors of the Corporation;
 - Oversee the work and review the performance of the external auditors and resolve any disagreement between management of the Corporation and the external auditors;
 - Pre-approve all permitted non-audit related services to be performed by the external auditors;
 - Review the financial statements, the management's discussions and analysis (MD&A), and the annual and quarterly earnings press releases prior to the Corporation publicly releasing this information;
 - Ensure 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 and, from time to time, review the adequacy of these procedures;
 - Ensure that procedures are established, with regards to:
 - the receipt, the retention and the treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
 - the confidential or anonymous submission, by the employees of the Corporation, of concerns regarding questionable or auditing matters;
 - Approve the Corporation's hiring policies of employees or former employees of the present or former external auditors.
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- Regarding the examination of the financial statements, the Committee is responsible for:
 - reviewing the financial statements and the accompanying notes to the financial statements and obtaining explanations from the officers regarding:
 - Any significant variances in the current reporting period;
 - Any complex or unusual transactions;
 - Any related party transactions;

- reviewing the accounting principles used by the Corporation to ensure that they are in accordance with IFRS regarding the presentation of financial information, and resolving any potential disagreement between management and the external auditors regarding the presentation of financial information;
- reviewing and recommending the approval by the Board of Directors all financial statements, annual information form, prospectus, MD&A, annual and quarterly earnings press releases and all other related documents and recommend approval if appropriate by the board of Directors;
- Review and discuss the proposed annual audit plan of the external auditors, including the proposed budget, approve the plan, and recommend to the Board of Directors, the approval of the external auditors' compensation;
- Ensure the independence of the external auditors;
- In order to encourage management to implement and to monitor adequate internal control mechanisms, the Committee shall review the external auditors' report and recommendations on the internal controls together with management's responses and action plans to be deployed;
- The Committee is responsible for monitoring the Corporation's Code of Conduct. The chair of the Committee shall monitor any complaints received regarding financial statement disclosure, accounting, internal accounting controls or auditing matters and discuss any issues with management;
- The chair of the Committee shall on a regular and punctual basis, report to the Board of Directors on the Committee's discussions and activities;

Risk Duties and Responsibilities

The Committee has the duty and responsibility to:

- Assist the Board in setting the risk tolerance for the business and satisfy itself that the Corporation operates with due regard to that risk tolerance;
- Form an opinion on the adequacy and effectiveness of the Corporation's process of identifying and assessing areas of potential material risk, as well as the monitoring and controlling of identified material risks;
- Review reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management have put in place to manage those risks;
- Compare the Corporation's material risk assessment and risk profile with its policies and risk tolerance and ensure that identified material risks are reduced to or managed at levels determined to be acceptable by the Board;
- Review and assess any breaches of risk controls or risk policies and ensure these breaches are appropriately mitigated or remedied by management;
- Make recommendations arising from the above reviews, for consideration by the Board, in relation to changes to the risk management framework or risk tolerance;

- Review, at least annually, and oversee management’s performance against the Corporation’s risk management framework, to satisfy itself that it continues to be sound and that the Corporation is operating with due regard to the risk tolerance set by the Board;
- Review the disclosure, in relation to each reporting period, of whether this review has taken place;
- Review and monitor compliance with the Corporation’s policies and review any material incidents or breaches reported to the Committee under those policies;
- Request and monitor investigations into areas of risk, breaches of risk management policies and procedures and failures in internal control;
- Review and oversee the Corporation’s tax control framework;
- Review and evaluate the structure and adequacy of the Corporation insurance program;
- Review the Corporation’s corporate report disclosures, including statutory financial reporting, performance against the risk management framework and reporting on material environmental, social and governance matters, for recommendation to the Board;
- Consider and review the preparation of any report or other disclosures to be included in the corporate report or other communications to security holders relating to the external auditor and to risk and risk management;

Once each year, the Committee will undertake an evaluation of its performance and effectiveness and review this Charter to determine its adequacy for current circumstances and make recommendations to the Board. When it is considered appropriate, the Committee will review its membership and make recommendations to the Board.