



## **AUDIT COMMITTEE CHARTER**

*(Amended March 16, 2017)*

### **Purpose**

The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's roles are to:

- (a) support the Board of Directors in meeting its responsibilities to shareholders;
- (b) enhance the independence of the external auditor;
- (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
- (d) Increase the credibility and objectivity of the Company's financial reports and public disclosure.

The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.

The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

### **Membership**

Each member of the Audit Committee must be a director of the Company.

The Audit Committee shall consist of at least three members, who shall preferably have accounting and finance backgrounds, the majority of whom shall be Independent Directors. The Chairman of the Audit Committee shall be an Independent Director.

The members of the Audit Committee will be appointed annually by the Board of Directors.

### **Duties and Responsibilities**

The duties and responsibilities of the Audit Committee include:

- (a) Assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and

monitoring of compliance with applicable laws, rules and regulations.

- (b) recommending to the Board of Directors ***the appointment and removal of the external auditor;***
- (c) ***Assessing the integrity and independence of external auditors and exercising effective oversight in reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process***
- (d) recommending to the Board of Directors the compensation of the external auditor;
- (e) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (f) approving the appointment and removal of the internal auditor
- (g) overseeing the work of the internal auditor
- (h) overseeing the work of the external auditor
- (i) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits
- (j) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (k) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (l) Review the quarterly financial statements before their submission to the Board, with focus on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- (l) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (m) reviewing financial statements, Management Discussion & Analysis (MDA) and annual and interim earnings press releases prior to public disclosure of this information;

- (n) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (o) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process and obtaining from the external auditor summaries and recommendations for improvement of such internal controls and processes;
- (p) reviewing the terms and conditions of any acquisition of corporate control or extraordinary transaction, with the assistance of an independent financial adviser.
- (q) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (r) resolving disputes between management and the external auditor regarding financial reporting;
- (s) establishing procedures to deal with complaints and concerns, from employees and others, regarding questionable accounting, internal accounting controls or auditing practices;
- (t) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (u) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor; and
- (v) Overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

The Audit Committee will report, at least quarterly, to the Board regarding the Committee's examinations and recommendations.

### **Meetings**

The Audit Committee may establish its own schedule of meeting dates that it will provide to the Board of Directors in advance. The committee shall meet at least four (4) times a year to review the financial results of the Company prior to Board approval.

The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

### **Reports**

The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

### **Minutes**

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.