

AUDIT COMMITTEE MANDATE

The Audit Committee is appointed by the Board of Directors (the "**Board**") to comply with all other legislation, regulations, TSX listing standards agreements, articles and policies to which the Company and its business is subject is hereby established and designated.

1. General

The Audit Committee will assist the Board in fulfilling its oversight responsibilities, including:

- the integrity of the Corporation's financial statements;
- the integrity of the financial reporting process;
- the system of internal control and management of financial risks;
- the external auditors' qualifications and independence;
- the external audit process and the Corporation's process for monitoring compliance with laws and regulations;
- internal audit & reviews as required or scheduled;
- disclosure of any material information;
- information systems and office operation disaster recovery program; and
- review and approve equity offering prospectus.

In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management and the external auditors. To perform his or her role effectively, each Audit Committee member will obtain an understanding of the Corporation's business, operations, risks and related legislation, regulations and industry standards. So that the Audit Committee can discharge its duties as a whole, all Audit Committee members must be financially literate, and at least one member must have accounting or related financial management expertise.

2. Authority

The Board authorizes the Audit Committee, within its scope of duties and responsibilities, to:

- seek any information it requires from any employee of the Corporation (whose employees are directed to co-operate with any request made by the Audit Committee);
- seek any information it requires directly from external parties including the external auditors and independent engineer; and
- obtain outside legal or other professional advice without seeking Board approval (however providing notice to the Chair of the Board).

3. Composition, Procedures and Organization

The following provisions and regulations shall apply to the composition of the Audit Committee:

- the Audit Committee shall consist of not less than three members of the Board of the Corporation;
- the members of the Audit Committee shall be independent members and unrelated to Management;
- the Chair of the Audit Committee shall be determined by the Board of the Corporation;

- as a minimum, one member must be viewed as a financial expert;
- two members of the Audit Committee shall constitute a quorum thereof;
- no business shall be transacted by the Audit Committee except at a meeting of its members at which a quorum is present in person or by telephone or by a resolution in writing signed by all members of the Audit Committee;
- the meetings and proceedings of the Audit Committee shall be governed by the provisions of the by-laws of the Corporation that regulate meetings and proceedings of the Board;
- the Audit Committee may invite such directors, officers or employees of the Corporation, the external auditors and independent engineer as it may see fit, to attend its meetings and take part in the discussion and consideration of the affairs of the Audit Committee;
- meetings shall be held not less than four times per year, generally coinciding with the release of interim or year-end financial information. Special meetings may be convened as required upon the request of the Audit Committee Chair or any member. The external auditors and independent engineer may convene a meeting if they consider that it is desirable or necessary;
- the proceedings of all meetings will be minuted;
- the Audit Committee shall meet separately, at least quarterly, with:
 - management;
 - external auditors.

4. Responsibilities

The Board hereby delegates and authorizes the Audit Committee to carry out the following duties and responsibilities to the extent that these activities are not carried out by the Board as a whole:

- a) Corporate Information and Internal Control
 - review and recommend for approval of the quarterly and annual financial statements, MD&A, press releases, annual report, AIF and Management Proxy Circular of the Company;
 - review of internal control systems maintained by the Corporation and the Company;
 - review of major changes to information systems;
 - review of spending authority and approval of limits;
 - review of significant accounting and tax compliance issues where there is choice among various alternatives or where application of a policy has a significant effect on the financial results of the Company;
 - review of significant proposed non-recurring events such as mergers, acquisitions or divestitures; and
 - review press releases or other publicly circulated documents containing financial information.
- b) External Auditors
 - retain and terminate the external auditors (subject to shareholder approval);
 - review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed engagement fees;

- annually, obtain and review a report by the external auditors describing the firm's internal quality control procedures; any material issues raised by the most recent internal quality control review (or peer review) of the firm or by any inquiry or investigation by governmental or professional authorities;
- annually, a certificate attesting to the external auditors' independence, identifying all relationships between the external auditors and the Company;
- annually, evaluate the external auditors' qualifications, performance and independence;
- annually, to assure continuing auditor independence, consider the rotation of lead audit partner or the external auditor itself;
- where there is a change of auditor, review all issues related to the change, including information to be included in the notice of change of auditors (National Policy #31 as adopted by the Canadian Securities Regulatory Authorities), and the planned steps for an orderly transition;
- review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Policy #31, on a routine basis, whether or not there is a change of auditors;
- pre-approve engagements for non-audit services provided by the external auditors or their affiliates, together with estimated fees and potential issues of independence; and
- set hiring policies for employees or former employees of the external auditors.

c) Audit

- review the audit plan for the coming year with the external auditors and with management;
- review with management and the external auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- question management and the external auditors regarding significant financial reporting issues during the Fiscal period and the method of a resolution;
- review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by management or significant accounting issues in which there was a disagreement with management;
- review audited annual financial statements and quarterly financial statements with management and the external auditors (including disclosures under "Management Discussion & Analysis"), in conjunction with the report of the external auditors, and obtain explanation from management of all significant variances between comparative reporting periods;
- review the auditors' report to management, containing recommendations of the external auditors', and management's response and subsequent remedy of any identified weaknesses; and
- confirm with the external auditors, grants and payouts made, from time to time, under the Corporation's Long Term Incentive Plan, including those made to the senior officers.

d) Risk Management and Controls

- review hedging strategies, policies, objectives and controls;
- review, not less than quarterly, a mark to market assessment of the Corporation's hedge positions and counter party credit risk and exposure;
- review adequacy of insurance coverage, outstanding or pending claims and premium costs;

- review loss prevention policies and programs in the context of competitive and operational consideration; and
- annually review authority limits for capital expenditures sales and purchases.

5. Other Duties and Responsibilities

- The responsibilities, practices and duties of the Audit Committee outlined herein are not intended to be comprehensive. The Board may, from time to time, charge the Audit Committee with the responsibility of reviewing items of a financial or control nature, of a risk management nature and of a reserves nature, and;
- The Audit Committee shall periodically report to the Board the results of reviews undertaken and any associated recommendations.