

**AGJUNCTION INC.**  
**(the "Corporation")**

**AUDIT COMMITTEE MANDATE**

- 1. Establishment of Audit Committee:** The board of directors (the "**Board**") hereby establishes a committee to be called the Audit Committee (the "**Committee**").
- 2. Membership:** The Committee shall be composed of three members or such greater number as the Board may from time to time determine, of whom the majority shall be "independent" directors as defined in National Instrument 52-110 – *Audit Committees*. Members shall be appointed periodically from among the members of the Board.
- 3. Mandate:** The Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities relating to the following:
  - (a) gain reasonable assurance that risk management, Board risk oversight and internal control systems are in place and monitor their effectiveness, including those risks that could affect the reliability of financial reporting;
  - (b) the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
  - (c) the independence, selection, compensation, and performance of the Corporation's external auditors;
  - (d) adequate communication among the external auditors, management and the Board, including the resolution of disagreements between management and the external auditors regarding financial reporting;
  - (e) compliance with legal and regulatory requirements; and
  - (f) ensure that effective procedures are in place for the anonymous submission, receipt, retention and treatment of complaints and concerns regarding accounting, internal control and auditing matters.
- 4. Authority:** The Committee has the authority to:
  - (a) conduct any investigation appropriate to fulfilling its responsibilities;
  - (b) recommending to the Board, the Corporation's quarterly financial results and related documents, including the quarterly press releases and MD&A prior to their release;
  - (c) have direct access to the external auditors as well as anyone in the organization; and
  - (d) retain, at the Corporation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

## 5. Duties and Responsibilities

### (a) Accounting Policies:

- (i) review the appropriateness of accounting policies to ensure completeness and acceptability with IFRS as part of the approval of the financial statements;
- (ii) review with management and the external auditor any significant changes to the Corporation's accounting policies that might be material to financial reporting prior to their adoption; and
- (iii) review with management and the external auditor the extent to which changes or improvements in financial or accounting practices, as previously reported to the audit committee, have been implemented.

### (b) Financial Information and Reporting:

- (i) review the Corporation's annual audited financial statements and related documents, including the press release and MD&A, prior to filing or distribution and recommend their approval by the Board. Review should include discussion with management and external auditors of significant issues regarding accounting policies, practices, and significant management estimates and judgments;
- (ii) review with financial management and the external auditors, and approve, the Corporation's quarterly financial results and related documents, including the quarterly press releases and MD&A, prior to the public release;
- (iii) review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas; and
- (iv) review issues related to liquidity, plans for treasury operations, all material off-balance-sheet transactions, contingent liabilities and transactions with related parties.

### (c) External Auditor:

- (i) following completion of the annual audit, review separately with each of management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (ii) facilitate the resolution of any significant disagreements among management and the external auditors in connection with the preparation of the financial statements;
- (iii) the external auditors are ultimately accountable to the Committee and the Board, as representatives of the shareholders. The Committee shall be responsible for the selection, appointment, compensation, retention, termination and oversight of the external auditors and in such regard recommend to the board the nomination of the external auditor for approval by the shareholder;

- (iv) on an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the auditors' independence;
- (v) review the external auditors' audit plan - discuss and approve audit scope, staffing, locations, reliance upon management, and general audit approach;
- (vi) approve all non-audit services to be provided to the Corporation by the external auditors' firm, prior to such services being performed;
- (vii) meet regularly with the external auditors in the absence of management to determine that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (viii) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present or former auditors;
- (ix) when there is to be a change in external auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
- (x) ensure the significant findings and recommendations made by the external auditors and management's proposed responses are received, discussed and appropriately acted on.

**(d) Internal Controls:**

- (i) periodically, in consultation with management and external auditors, consider the effectiveness of internal and disclosure controls as they relate to the Corporation's financial reporting processes. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures; and
- (ii) approve the Chair of the Board expenses to ensure compliance with the Corporation's expense policy.

**(e) Risk Oversight:**

- (i) review risk management policies and procedures of the Corporation, including litigation and insurance coverage;
- (ii) review enterprise risk and in doing so, recognizing the responsibilities delegated to other committees by the Board and understanding that the other committees may emphasize specific risk monitoring through their respective activities;
- (iii) review the development and implementation of appropriate systems to identify, monitor and mitigate significant business risks; and
- (iv) endeavour to implement an effective system for the Board to approve, in conjunction with executive management, risk tolerances and appetites for

strategic objectives.

**(f) Laws & Regulations:**

- (i) on at least an annual basis, review with the Corporation's counsel any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and
- (ii) Review the status of the Corporation's tax returns and those of its subsidiaries.

**(g) Personnel:**

- (i) annually consider and satisfy itself of the appropriateness of the expertise and experience of the CFO and the adequacy of the resources of the finance function; and
- (ii) review financial and accounting personnel succession planning within the organization.

**(h) Other:**

- (i) annually review the Committee's Mandate;
- (ii) periodically assess the effectiveness of the Committee against its Mandate and report the results of the assessment to the Board;
- (iii) annually review a summary of all related party transactions and potential conflicts of interest;
- (iv) review the confidential, anonymous submission of employees of the Corporation, received from the whistleblowing hotline, of concerns regarding questionable accounting, internal accounting controls, or audit matters; and
- (v) perform any other activities consistent with this Mandate, the Corporation's By-laws, and governing laws that the Board or Auditor Committee determines are necessary or appropriate.