

Audit Committee Terms of Reference

1. Mandate

The Audit Committee (the "Committee") will assist the board of directors (the "Board") in fulfilling its financial oversight responsibilities. The Committee will review and consider in consultation with the external auditors the financial reporting process, the systems of internal control and the audit process. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors.

The Committee's mandate covers the activities of the Company and all of its operating subsidiaries (together the "Group"). To effectively perform his or her role, each Committee member must obtain an understanding of the principal responsibilities of Committee membership as well and the Group's business, operations and risks.

2. Composition

Members of the Committee will be appointed the Board will appoint from among their membership.. The Committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the Committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the Committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

2.3 Committee Secretary

The Chief Financial Officer shall act as secretary at Committee meetings and shall take the minutes, unless the Committee determines otherwise.

3. Meetings

The Committee shall meet in no less than three times a year accordance with a schedule established each year by the Board, and at such other times as the Committee may determine. The Committee shall meet at least annually with the Chief Financial Officer and with the external auditors in separate sessions.

3.1 Quorum

The quorum for meetings of the Committee shall be two members.

3.2 Other attendees

The Committee may invite certain officers of the Company including but not limited to the Chief Executive, the Chief Financial Officer and the Group Controller to attend Committee Meetings

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 *External Audit*

The Committee shall be directly responsible for overseeing the work of the Group's external auditors in conducting the annual audit, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Committee shall:

- (a) consider and make recommendations to the Board concerning the appointment, re-appointment or removal of the external auditors to be put to the shareholders for approval in General Meeting;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach for the annual audit;
- (c) review the findings of the audit with the external auditors, including discussion of any major issues arising, the accounting and audit judgements made, the levels of errors identified during the audit, and the overall effectiveness of the audit;
- (d) review the performance of the external auditors in conducting the audit and report any conclusions to the Board;
- (e) review and recommend to the Board the compensation to be paid to the external auditors for audit services, ensuring these are sufficient to enable an adequate audit to be conducted; and
- (f) review and confirm annually the independence and objectivity of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Group. In carrying out this duty, the Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal accounting, financial and other controls and the risk identification and management system within the Group; and
- (b) ensure that the external auditors discuss with the Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The Committee shall review the financial statements of the Group and all announcements containing financial information prior to their release to the public. In carrying out this duty, the Committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and

- (b) review and ensure that the accounting policies selected by management and the estimates and judgements made in preparing financial statements are appropriate.

Annual and Interim Financial Statements

- (c) review the draft financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and, in the case of the annual financial statements, the results of the audit, including any difficulties encountered; and
- (e) review all material information presented with the financial statements including the operations review, the financial review, the corporate governance statement and matters relating to audit, risk management and controls prior to their release to the public.

Release of Financial Information

- (f) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public

4.4 Whistle-blowing and Fraud

The Committee shall review :

- (a) The adequacy and security of the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting, misuse of the Group's money, assets or other resources, or other matters. The Committee shall ensure that these arrangements allow for proportionate and independent investigation of such matters and appropriate follow up action;
- (b) The Group's procedures for detecting fraud; and
- (c) The Group's systems and controls for the prevention of bribery.

The Committee shall ensure that appropriate arrangements exist for the reporting to the Committee of any instances of non-compliance with the above.

4.5 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Committee, except as provided below.

Delegation of Authority

- (a) The Committee may delegate to one or more independent members of the Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The requirement for prior approval of non-audit services may be waived if the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Group to the external auditors during the fiscal year in which the services are provided.

Pre-Approval Policies and Procedures

- (c) The Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the Committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the Committee's responsibilities to management.

4.6 *Other Responsibilities*

The Committee shall:

- (a) consider on a regular the basis the need for an internal audit function and, if such a function is deemed necessary, agree with management the remit, resourcing and modus operandi of the internal audit function
- (b) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (c) perform other oversight functions as requested by the Board; and
- (d) review and update these Terms of Reference and receive approval of any changes thereto from the Board.

4.7 *Reporting Responsibilities*

The Committee Chairman shall report to the Board on its proceedings and findings after each of its meetings and make appropriate recommendations.

The Chairman of the Committee shall approve the wording of a report on the activities of the Committee to be included in the Company's Annual Report and Accounts.

5. Resources and Authority of the Audit Committee

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage at the Company's expense independent counsel and such other advisors as it determines necessary enable it to carry out its duties, and determine their remuneration;
- (b) communicate directly with the internal and external auditors.

- (c) Seek from any employee of the Group any information it requires in order to perform its duties and to call any employee to be questioned at a meeting of the Committee.

6. Guidance - Roles & Responsibilities

The following guidance is intended to provide Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 Internal Control

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.
- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;

Interim Financial Statements

- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

- (a) review with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.