

ETRION CORPORATION
(the “Corporation”)
AUDIT COMMITTEE MANDATE
OF THE BOARD OF DIRECTORS (the “Board”)

Purpose

1. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to shareholders of the Corporation and others, the systems of corporate financial controls that management and the Board have established and the audit process. More specifically, the purpose of the Audit Committee is to satisfy itself that:
 - (a) the Corporation’s annual financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to the Board whether the annual financial statements should be approved;
 - (b) the information contained in the Corporation’s quarterly financial statements, annual report to shareholders and other financial publications, such as management’s discussion and analysis (“**MD&A**”), is complete and accurate in all material respects and to approve these materials;
 - (c) the Corporation has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements; and
 - (d) the internal and external audit functions have been effectively carried out and that any matter that the internal or the independent auditors wish to bring to the attention of the Board has been addressed. The Audit Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration.

Composition and Process

2. Following each annual meeting of shareholders of the Corporation, the Board shall appoint not less than three directors to serve on the Audit Committee, each of whom shall:
 - (a) be independent as that term is defined in then current laws applicable to the Corporation; and
 - (b) be financially literate as such term is defined in then current laws applicable to the Corporation.
3. The Chairman of the Audit Committee shall be appointed by the Board and shall be independent as that term is defined in the then current laws applicable to the Corporation.
4. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director of the Corporation. Each member of the

Audit Committee shall hold office until the close of the next annual meeting of shareholders of the Corporation or until the member resigns or is replaced, whichever first occurs.

5. The Audit Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements. Additional meetings may be held as deemed necessary by the Chairman of the Audit Committee or as requested by any member of the Audit Committee or by the internal or external auditors.
6. If all members consent, and proper notice has been given or waived, a member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
7. The Chairman of the Audit Committee appointed by the Board will, in consultation with management, the members of the Audit Committee and the internal and external auditors, determine the schedule, time and place of meetings, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members and other attendees with sufficient time for study prior to the meeting.
8. A quorum for the transaction of business at all meetings of the Audit Committee shall be a majority of the members of the Audit Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Audit Committee present.
9. The Audit Committee may invite such individuals including directors, officers and employees of the Corporation as it may see fit from time to time to attend meetings of the Audit Committee and assist in the discussion and consideration of the business of the Audit Committee, but without voting rights.
10. The Audit Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
11. Supporting schedules and information reviewed by the Audit Committee will be available for examination by any director upon request to the Secretary of the Corporation.
12. The Audit Committee shall choose as its secretary such person as it deems appropriate.
13. The internal and external auditors shall be given notice of, and have the right to appear before and to be heard at, every regularly scheduled meeting of the Audit Committee, and shall appear before the Audit Committee when requested to do so by the Audit Committee.

Duties and Responsibilities

14. Subject to the powers and duties of the Board, the Board hereby delegates to the Audit Committee the following powers and duties to be performed by the Audit Committee on behalf of and for the Board:
 - (a) Financial Reporting Control Systems

The Audit Committee shall:

- (i) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;
- (ii) review any letters from the external auditors to management with respect to internal controls and the Corporation's responses thereto;
- (iii) annually review the Audit Committee Mandate;
- (iv) review any new appointments to senior positions of the Corporation with financial reporting responsibilities; and
- (v) discuss with the external auditors the overall control environment and the adequacy of accounting system controls.

(b) Interim Financial Statements

The Audit Committee shall:

- (i) review the Corporation's interim financial statements and related MD&A and provide to the Board a recommendation as to whether the interim financial statements and MD&A should be approved; and
- (ii) review any interim earnings press release before it is publicly disclosed.

(c) Annual Financial Statements and Other Financial Information

The Audit Committee shall:

- (i) review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
- (ii) obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
- (iii) obtain draft annual financial statements in advance of the Audit Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by officers of the Corporation;
- (iv) review a summary provided by the Corporation's legal counsel of the status of any material pending or threatened litigation, claims and assessments;

- (v) discuss the annual financial statements and the auditors' report thereon in detail with officers of the Corporation and the auditors;
 - (vi) review the Corporation's annual MD&A;
 - (vii) provide to the Board a recommendation as to whether the annual financial statements and MD&A should be approved;
 - (viii) review any annual earnings press release before it is publicly disclosed; and
 - (ix) review insurance coverage including directors' and officers' liability coverage;
- (d) Public Disclosure of Financial Information

The Audit Committee shall:

- (i) 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, other than the public disclosure referred to in sections 14(b) and 14(c) above; and
 - (ii) periodically assess the adequacy of such procedures.
- (e) External Audit Terms of Reference, Reports, Planning and Appointment

To preserve the independence of the external auditor responsible for issuing an auditor's report or performing other audit review or attest services for the Corporation, the Audit Committee shall:

- (i) review the audit plan with the external auditors;
- (ii) discuss with the external auditors, without management present, matters affecting the conduct of their audit and other corporate matters;
- (iii) recommend to the Board each year the retention or replacement of the external auditors; if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition; and evaluate the external auditor's qualifications, performance and independence;
- (iv) review the experience and qualifications of the senior members of the external auditors, ensure that the lead audit partner is replaced periodically in accordance with applicable law or audit practices, and that the audit firm continues to be independent;
- (v) review and pre-approve any engagements for non-audit services to be provided by the external auditor and its affiliates in light of the estimated fees and impact

on the external auditor's independence, subject to any *de minimus* exception allowed by applicable law, provided that the Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve non-audit services and provided further that any non-audit services that have been pre-approved by any such delegate of the Audit Committee must be presented to the Audit Committee at its first scheduled meeting following such pre-approval;

- (vi) review with management and with the external auditor:
 - (1) any proposed changes in major accounting policies;
 - (2) the presentation and impact of significant risks and uncertainties; and
 - (3) key estimates and judgements of management that may be material to financial reporting;
 - (vii) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation in compliance with the requirements set out in section 2.4 of National Instrument 52-110;
 - (viii) ensure that the external auditor reports directly to the Audit Committee;
 - (ix) be directly responsible for overseeing the work of the external auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting; and
 - (x) annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor.
- (f) Procedure for Complaints regarding Accounting, Internal Controls or Auditing Matters

The Audit Committee shall:

- (i) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters; and
- (ii) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Reporting and Authority

15. The Audit Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.

16. The Audit Committee is empowered to investigate any activity of the Corporation and all employees are to co-operate as requested by the Audit Committee. The Audit Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.
17. The Audit Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external auditors, senior management, internal audit, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Audit Committee, including directors, officers and employees of the Corporation.

Governance

18. The Audit Committee is responsible to review on a regular basis and at its discretion make recommendations to the Board regarding confirmation of or changes to be made to its Mandate and the position description of its Chairman.

Advisors

19. The Audit Committee has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Audit Committee in the discharge of its duties.

Audit Committee Timetable

20. The timetable on the following page outlines the Audit Committee's schedule of activities during the year.

| <i>Meeting Timing</i> | March | May | August | November |
|--|--------------|------------|---------------|-----------------|
| Agenda Item | | | | |
| A. Financial Reporting Control Systems | | | | |
| (1) Review reports from senior officers outlining changes in financial risks. | X | X | X | X |
| (2) Review management letter of external auditors and Corporation's responses to suggestions made. | X | | | |
| (3) Review the Audit Committee Mandate | X | | | |
| (4) Review any new appointments to senior positions with financial reporting responsibilities | X | X | X | X |
| (5) Obtain assurance from both internal and external auditors regarding the overall control environment and the adequacy of account system controls. | X | X | X | X |
| B. Interim Financial Statements | | | | |
| (1) Review Interim financial statements with officers of the Corporation and approve prior to their release. | | X | X | X |
| (2) Review narrative comment accompanying interim | | X | X | X |

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| financial statements. | | | | |
| (3) Review interim earnings press release, if any | | X | X | X |
| C. Annual Financial Statements and Other Financial Information | | | | |
| (1) Review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements. | X | X | X | X |
| (2) Obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration. | X | X | X | X |
| (3) Obtain draft annual financial statements in advance of the Audit Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by officers of the Corporation. | X | | | |
| (4) Review a summary of the status of any material pending or threatened litigation, claims and assessments. | X | X | X | X |
| (5) Discuss the annual financial statements and the auditors' report thereon in detail with officers of the Corporation and the auditors. | X | | | |
| (6) Review the annual report and other annual financial reporting documents. | X | | | |
| (7) Provide to the Board a recommendation as to whether the annual financial statements should be approved. | X | | | |
| (8) Review annual earnings press release, if any. | X | | | |
| (9) Review insurance coverage. | | | | X |
| D. External Audit Terms of Reference, Reports, Planning and Appointment | | | | |
| (1) Review the audit plan with the external auditors. | | | | X |
| (2) Discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters. | X | | | |
| (3) Recommend to the Board the retention or replacement of the external auditors. If there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition. | X | | | |
| (4) Review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor. | X | X | X | X |