

Charter of the Audit Committee of the Board of Directors

I. Purpose

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibility to the shareholders as they relate to:

- the integrity of the Company's financial statements and the Company's accounting policies, disclosure, internal controls and financial reporting practices;
- recommending the appointment, compensation and the monitoring of the qualifications, independence and performance of the Company's external auditors; and
- maintaining, through regularly scheduled meetings, a line of communication between the Board and the Company's financial management and external auditors.

II. Structure and Operations

Composition and Qualifications

The Committee shall be appointed by the Board and shall serve at the pleasure of the Board and for such terms as the Board may determine. The Committee shall be comprised of three or more Directors (as determined from time to time by the Board), each of whom shall meet the independence and experience requirements of all applicable corporate securities laws and stock exchange listing requirements for audit committee membership.

1. Each member of the Committee will be a Director who: (a) is not otherwise employed by the Company, and (b) has not been so employed at any time during the three years prior to the time he or she is appointed to the Committee unless otherwise permitted by applicable U.S. and Canadian regulatory standards.
2. Each member of the Committee will have and maintain independence from management of the Company in accordance with the standards of independence required above.
3. Except for the undertaking of non-material specific projects unanimously approved by the Board, no member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company other than: (a) director's fees, which may be received in cash, stock options, or other in-kind consideration ordinarily available to Directors; (b) a pension or other deferred compensation for prior service that is not contingent on future service; and (c) other regular benefits that Directors receive in their capacity as members of the Board or its committees.

4. Each member of the Committee shall be financially literate (such qualifications interpreted by the Board in its business judgment) with at least one member designated as being a financial expert.
5. Each member of the Committee shall have accounting or related financial management expertise (such qualifications interpreted by the Board in its business judgment).
6. No member of the Committee shall serve on the audit committee of more than four public companies (including Claude) unless the Board shall have made a prior determination that such simultaneous service will not impair the ability of the member to effectively serve on the Committee.

Organization, Procedures and Powers

1. The Board shall appoint one member of the Committee as the Chair. The Chair (or in his or her absence, a member designated by the Chair) shall preside at all meetings of the Committee. The Chair shall be responsible for leadership of the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
2. The Committee shall have the authority to establish its own rules and procedures, consistent with the bylaws of the Company, for notice and conduct of its meetings should the Committee, in its discretion, deem it desirable to do so.
3. The Committee shall have the authority to engage independent counsel, independent accountants or other outside advisers as the Committee deems necessary to carry out its duties.

III. Meetings

The Committee will meet at least four times annually and at such other times as it deems necessary to fulfill its responsibilities. A majority of the members of the Committee shall constitute a quorum.

1. The Committee may include in its meetings: (a) members of the Company's management, (b) representatives of the external auditors, (c) other directors by invitation, or (d) any other personnel employed or retained by the Company.
2. The Committee may periodically meet with members of the Company's management in separate executive sessions to discuss any matters that the Committee believes should be addressed privately.
3. A meeting of the Committee may be convened by the Chair of the Committee, a quorum of the Committee members, or the external auditors. The Corporate

Secretary shall, upon direction of any of the foregoing, arrange a meeting of the Committee. The Committee shall report to the Board in a timely manner with respect to each of its meetings.

IV. Responsibilities and Duties

Financial Statements and Published Information

1. Review with management and the external auditors any items of concern, any proposed changes in major accounting policies, any identified risks and uncertainties, and any issues requiring management judgement, to the extent that the foregoing may be material to financial reporting.
2. Consider any matter required to be communicated to the Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the external auditors' report to the Committee (and management's response thereto) on: (a) all critical accounting policies and practices used by the Company; (b) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the external auditors; and (c) any other material written communications between the external auditors and management.
3. Require the external auditors to present and discuss with the Committee their views about the quality, not just the acceptability, of the implementation of generally accepted accounting principles with particular focus on accounting estimates and judgements made by management and their selection of accounting principles.
4. Discuss with management and the external auditors (a) any accounting adjustments that were noted or proposed (i.e. immaterial or otherwise) by the external auditors but were not reflected in the financial statements and (b) any material correcting adjustments that were identified by the external auditors in accordance with generally accepted accounting principles or applicable law.
5. Discuss with management and the external auditors any significant financial reporting issues considered during the fiscal period and the method of resolution. Resolve disagreements between management and the external auditors regarding financial reporting.
6. Review with management and the external auditors any off-balance sheet financing mechanisms being used by the Company.
7. Review with management and the external auditors and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments,

that could have a material effect on the financial position or operating results of the Company, and the manner in which these matters have been disclosed or reflected in the financial statements.

8. Review any problems experienced by the external auditors in performing the audit, including any restrictions or limitations imposed by management.
9. Review the results of the external auditors' audit work including findings and recommendations, including the post-audit management letter, and management's response and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.
10. Review the annual report, including the audited annual financial statements, in conjunction with the report of the external auditors, and related management discussion and analysis, make recommendations to the Board with respect to approval thereof, before being released to the public, and obtain an explanation from management of all significant variances between comparable reporting periods.
11. Review with management and recommend to the Board for approval the Corporation's Proxy Form, Information Circular, Annual Information Form and Form 40F.
12. Confirm with the Chief Executive Officer and the Chief Financial Officer (and considering the external auditor's comments, if any, thereon), that the financial statements fairly represent the Company's financial condition, cash flow and results for the reporting period.
13. Review and recommend to the Board for approval all interim unaudited financial statements and quarterly reports, related interim management discussion and analysis and media releases, before being released to the public.
14. Review management's internal control report and the related attestation report of the external auditors when required by Section 404 of the Sarbanes-Oxley Act of 2002.
15. Review and approve all related party transactions.

Appointment, Retention and Evaluation of External Auditors

1. The Company's external auditors shall report directly to this Committee. This Committee has the direct responsibility to compensate, oversee, and evaluate the external auditors. The Committee will recommend to the shareholders the appointment, and where appropriate, the replacement of the external auditors. In connection with its oversight of the external audit activities, the Committee will:

- At least annually, obtain and review a report by the external auditors describing:
 - (a) The external audit firm’s internal quality-control procedures; and
 - (b) Any material issues raised by: (i) the most recent internal quality-control review, or peer review, of the firm, or (ii) any inquiry or investigation by governmental or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any issues raised in the reviews described above.

- Annually review and evaluate:
 - (a) The experience and qualifications of the senior members of the external auditor team; and
 - (b) The performance and independence of the external auditors, including the lead partner of the external audit firm.

- Review and approve the annual audit plan prior to the annual audit being undertaken by the external auditors, including reviewing the year-to-year coordination of the audit plan and the extent of its scope. Recommend the Board approve the fees to be paid to external auditors.

- Periodically meet separately with the external auditors without senior management present.

- At least annually, present the Committee’s conclusion with respect to its evaluation of the external auditors to the Board. See “External Auditor Review Guidelines”.

Independence of External Auditors

1. The Committee shall obtain confirmation and assurance as to the external auditors’ independence, including ensuring that they submit on a periodic basis (not less than annually) to the Committee a formal written statement delineating all relationships between the external auditors and the Company. The formal submission should also disclose the amount of fees received by the external auditors for the audit services and for various types of non-audit services.

2. The Committee shall actively engage in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditors and take appropriate action in response to the external auditors’ report to satisfy itself of their independence.

3. The Committee will periodically review, and if necessary, update its policy with regard to the pre-approval for any permitted non-audit services, including a requirement that the Committee approve all non-audit engagements of the external auditors and shall, consistent with that policy, approve the retention of the external auditors to perform such services and the fees for such services, if required by that policy. The Committee may, in its discretion, delegate to the Chair of the Committee the authority to pre-approve any audit or non-audit services to be performed by the external auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting. See “Pre-Approval Policy”.
4. Periodically review and, if necessary, update its guidelines for the Company’s hiring of employees and former employees of the external auditors who were previously engaged on the Company’s account.
5. Discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner within the time limits and in such a manner as necessary to prevent the external auditor from being deemed “not independent of the Company”.

Internal Controls

The Committee will review with the external auditors and senior management:

- The adequacy and effectiveness of the Company’s internal accounting and financial controls, including computerized information system controls and security, and consider any recommendations for improvement of such controls.
- Major issues as to the adequacy of the Company’s internal controls and any special audit steps adopted in light of material control deficiencies.
- Any related significant findings and recommendations of the external auditors together with senior management’s responses thereto.

Risk Management

The Committee will meet periodically with senior management to discuss the Company’s policies with respect to risk assessment and risk management. In doing so, the Committee will review the Company’s major financial risk exposure and the steps management has taken to monitor and control such exposure.

Disclosure Controls

1. Review quarterly the disclosure controls and procedures, including the certification timetable and related process. Confirm with the Chief Executive

Officer and the Chief Financial Officer the effectiveness of disclosure controls and procedures, and whether there are any significant deficiencies in internal controls or any fraud related to management or persons who have a significant role in internal controls.

2. Approve the appointment and removal of Disclosure Committee Members.

Compliance

1. Monitor compliance by the Company with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the corporation personally liable.
2. Review the findings of any examination by financial or corporate governance regulatory authorities.
3. Establish procedures for receipt, retention and treatment of complaints received by the Committee regarding accounting, auditing, internal accounting controls, or other matters and the confidential, anonymous submission by employees of concerns regarding these matters. "See Whistleblower Policy".

Miscellaneous

The Committee will:

1. Review the appointment of the Chief Financial Officer and have the Chief Financial Officer report to the Committee on the qualifications of new employees with a financial oversight role (i.e. having oversight of, or direct responsibility for, preparing of financial statements and related information).
2. Approve the expenses submitted for reimbursement by the Chief Executive Officer or designate the Audit Chair to do the same.

V. Annual Performance Evaluation

The Audit Committee shall perform a review and evaluation, at least annually, of the performance of the Audit Committee and its members, including a review of adherence of the Audit Committee to this Charter. In addition, the Audit Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Audit Committee considers necessary or appropriate. The Audit Committee shall conduct such evaluation and reviews in such manner as it deems appropriate.