CLAIRVEST GROUP INC.

ANNUAL INFORMATION FORM

JUNE 24, 2020

CLAIRVEST GROUP INC.

Annual Information Form

June 24, 2020

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INCORPORATION BY REFERENCE

This annual information form incorporates by reference certain information contained in Clairvest's fiscal 2020, 2019 and 2018 Management's Discussion & Analysis, each of which is available on the SEDAR website at www.sedar.com. Those filings are referred to as "FY2020 MD&A", "FY2019 MD&A" and "FY2018 MD&A" respectively.

NAME, ADDRESS AND INCORPORATION

Clairvest Group Inc. ("Clairvest" or the "Corporation") was incorporated under the laws of the Province of Ontario by articles of incorporation on February 13, 1987 as Roy-L Merchant Group Inc. The name of the Corporation was changed to Clairvest Group Inc. by articles of amendment dated December 4, 1991. The registered and principal office of the Corporation is located at 22 St. Clair Avenue East, Suite 1700, Toronto, Ontario, M4T 2S3.

GENERAL DEVELOPMENT OF THE BUSINESS

Clairvest, founded in 1987, has been a private equity investor since inception. The Corporation's principal activity is investing in and partnering with the management teams of businesses that have the potential to create above average returns in their respective industries. The Corporation principally invests in established businesses past the initial stage of development. Clairvest employs its expertise to actively assist its investment partners in the development and growth of their businesses. Clairvest's commitment to its shareholders is to deliver superior long-term financial returns by partnering wisely, and by adding value to its partners' businesses within a timely investment cycle.

Since 2001, Clairvest has launched various Clairvest Equity Partnerships to co-invest alongside Clairvest in all private equity investments. The launch of these partnerships moved Clairvest from a pure private equity investor that invests its own capital to generate returns, to one that invests its own capital in addition to that of third-party investors who want access to Clairvest's proven investment expertise and track record. Clairvest receives compensation for its management services and is entitled to a share of the profits ("carried interest") from the various Clairvest Equity Partnerships.

The table below summarizes the status of the various Clairvest Equity Partnerships (collectively referred to as the "CEP Funds") as at June 24, 2020.

Status of Clairvest Equity Partnerships ($millions, except year of fund and number of investments)						**Number of Investments**	
	Year of Fund	**Third-Party Capital**	**Clairvest Commitment**	**Total Capital**	**Capital Called**	**Total**	**Currently Held**
Clairvest Equity Partners III ("CEP III")	2006	C$225	C$75	C$300	79.8%	8	1
Clairvest Equity Partners IV ("CEP IV")	2010	C$342	C$125	C$467	91.2%	12	5
Clairvest Equity Partners V ("CEP V")	2015	C$420	C$180	C$600	76.5%	12	11
Clairvest Equity Partners VI ("CEP VI")	2020	US$620	US$230	US$850	6.3%	3	3

At March 31, 2020, Clairvest's current management team had made 52 platform investments and had realized or partially realized on 37 investments which have in aggregate generated 3.6 times invested capital. From inception, the Corporation has invested its capital in every investment. Clairvest's team of professionals have all invested significant amounts of capital in the Corporation which allows Clairvest to approach each investment as owners and shareholders.

A discussion of the Corporation's current investments, including economic ownership and significant transactions over each of the last three fiscal years is set forth under "Summary of Clairvest's Investee Companies" and "Financial Position and Book value" of Clairvest's FY2020 MD&A, "Summary of Clairvest's Corporate Investments" and "Financial Condition Highlights" of Clairvest's FY2019 MD&A, and "Summary of Clairvest's Corporate Investments" and "Balance Sheet Highlights" of Clairvest's FY2018 MD&A, which discussion is incorporated herein by reference.

DESCRIPTION OF THE BUSINESS

Employees

The Corporation and its wholly-owned subsidiaries (hereinafter, the "Corporation") employ thirty-five people, seven of whom are senior managers with significant experience in the investment industry and are active in the identification, structuring and management of the Corporation's investments.

Advisory Services

The Corporation provides advisory services to its investment partners which may include evaluation of business prospects, strategic planning, marketing and financial advice and tax strategy.

The Corporation does not engage in or hold itself out as engaging in the business of advising others as to the investing in or the buying and selling of securities.

Facilitation of Financings

The Corporation's management and its board of directors have experience in understanding the financial needs of emerging businesses and the requirements of traditional financial sources. The Corporation assists in negotiating financings with these traditional financial sources and identifies and accesses alternate sources of loan and equity investment capital for its investment portfolio.

Investments

Investment Philosophy

The investment philosophy of the Corporation generally is to become the lead outside investor in emerging and established businesses with capable, motivated and experienced management. The Corporation supports and fosters management by providing direction at the board level while allowing management to maintain its autonomy with respect to day-to-day operations of the business. The degree of the Corporation's involvement in such businesses depends upon a number of factors including the size of the equity investment, the stage of development of the business and the particular needs and desires of management.

The Corporation may from time to time enter into joint ventures or similar arrangements with other investors whereby the Corporation and such investors will make direct investments in emerging businesses.

Investment Authorization

The board of directors of the Corporation has authorized management to make initial investments in portfolio companies to a maximum amount of US$10.0 million and follow-on investments in existing portfolio companies to a maximum amount of $5.0 million (US$5.0 million in the case of CEP VI), with such investments to include those to be made by the Corporation in aggregate with the CEP Funds. At such time as management has made investments which, in aggregate, equal this amount or at any time that a proposed investment exceeds the balance of this pre-authorized investment limit, management must obtain further investment authorization from the board of directors. Typically, the strategic long-term investments made by the Corporation are selected by senior management and subsequently placed before the board of directors for approval.

Investment Criteria

In making investments in emerging businesses, the Corporation is guided by the following investment criteria:

- Investments by the Corporation in aggregate with the CEP Funds in any one business enterprise are generally limited to a maximum of US $170 million , at the initial stage, although the Corporation may participate in larger financings in conjunction with other investors in appropriate circumstances. Minimum investment size is generally deemed to be US $20 million.
- Initial investments are in the form of securities with, or combined with, equity features.

- Investments are expected to have a time horizon to realization of three to seven years.
- Management of the prospective business must have capital in the business and must derive the major portion of its financial rewards from its own equity participation.
- Management of the prospective business must demonstrate an entrepreneurial attitude with respect to the exploitation of opportunities available to its business.
- The business will benefit from the Corporation's strategic and financial support.
- Investments must have the prospect for significant long-term capital appreciation.
- Companies must be strategically positioned in their specific markets and offer high potential for domestic or global growth.

The Corporation does not currently expect to restrict its investment to any particular industry or industries.

Investment Realization

The Corporation's investments are and will continue to be realized from time to time through public offerings of securities of the businesses in which the Corporation has made an investment, the sale of such investments (subject to any applicable hold periods) in the secondary market, the sale of such investments to management of the business or to third parties, or the disposition of the investments as a result of a merger, reorganization or refinancing. The board of directors of the Corporation has authorized management to dispose of investments to a maximum aggregate amount of $25.0 million, with such disposals to include those investments held by the Corporation in aggregate with the CEP Funds. At any time that a proposed disposal of an investment exceeds the balance of this pre-authorized limit, management must obtain further authorization from the board of directors.

RISK FACTORS

The Corporation’s risk factors and the general risks inherent in the business carried on by Clairvest are described in the FY2020 MD&A under “Risk Management”, which disclosure is incorporated by reference herein.

DIVIDENDS

Clairvest’s ordinary business activity may result in the investment in certain Canadian-Controlled Private Corporations and the entitlement of ineligible dividends from these investments. As such, certain dividends paid to the holders of Clairvest’s common shares may be ineligible dividends for Canadian tax purposes.

Clairvest pays dividends to the holders of its shares on an annual basis, in amounts determined by the board of directors. Over the nineteen years prior to 2011 the annual dividend was $0.10 per common share. On June 24, 2011, the directors approved a new dividend policy such that dividends are to be considered annually of a dividend per common share of up to 1% of book value per share to be comprised of (1) an ordinary dividend of $0.10 per common share; and (2) a special dividend equal to any amount by which up to 1% of the book value per share, based on the most recently approved financial statements, exceeds $0.10 per share. Clairvest does not foresee any present or future events which would impair its ability to pursue the current dividend policy.

The table below summarizes dividends declared to Clairvest's common shareholders over the last six fiscal years.

Dividend History for Common Shares				
			per Share	
Declaration Dates	**Record Dates**	**Payment Dates**	**Ordinary Dividend**	**Special Dividend**
June 24, 2020	July 3, 2020	July 24, 2020	0.10	0.4555
June 26, 2019	July 5, 2019	July 25, 2019	0.10	0.4144
June 27, 2018	July 6, 2018	July 25, 2018	0.10	0.3401
June 22, 2017	July 6, 2017	July 24, 2017	0.10	0.2621
June 22, 2016	July 6, 2016	July 22, 2016	0.10	0.2191
June 24, 2015	July 8, 2015	July 24, 2015	0.10	0.1958

The Corporation designates all dividends paid or deemed to be paid as "eligible dividends" for the purposes of subsection 89(14) of the Income Tax Act (Canada) and similar provincial and territorial legislation, unless otherwise indicated.

CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of preference shares, issuable in series, of which (i) a first series of 10,000,000 non-voting shares and (ii) a second series of 1,000,000 non-voting shares have been authorized and an unlimited number of common shares (the "Common Shares"), of which no preference shares and 15,069,101 Common Shares are issued and outstanding as at June 24, 2020.

Clairvest had in place Normal Course Issuer Bids ("NCIBs") during fiscal 2020 and 2019, which enables the Corporation to repurchase up to 5% of its public float of the Common Shares. During fiscal 2020, 61,194 common shares were purchased under Clairvest's NCIBs. 6,200 common shares were purchased and cancelled between April 1, 2020 and June 24, 2020.

MARKET FOR SECURITIES

The common shares of Clairvest are listed and posted for trading on The Toronto Stock Exchange under the symbol CVG. The following table sets forth the price ranges and volume traded for the common shares on the Toronto Stock Exchange during fiscal 2020.

Month	High	Low	Volume
March 2020	$52.95	$40.00	51,229
February 2020	$55.00	$49.47	23,260
January 2020	$53.26	$50.55	16,186
December 2019	$54.00	$49.61	18,956
November 2019	$51.05	$49.70	15,912
October 2019	$51.00	$50.00	9,239
September 2019	$51.01	$49.65	24,321
August 2019	$51.78	$48.36	90,689
July 2019	$51.78	$49.84	13,647
June 2019	$50.83	$46.85	9,613
May 2019	$47.94	$46.82	23,080
April 2019	$47.85	$47.36	10,556

DIRECTORS AND OFFICERS

The following table sets forth the names and place of residence, the position held with the Corporation and the current principal occupation of each of the directors of Clairvest. All directors are elected to hold office until the next annual meeting of the shareholders of the Corporation or until their successors are elected or appointed.

Name and Place of Residence	Served as a Director Since	Office	Principal Occupation
John Barnett North Palm Beach, Florida	August 13, 2009	Director, Chairman of Compensation and Human Resources Committee and Member of Audit Committee	Director of **Clairvest**
Michael Bregman Ontario, Canada	February 25, 1991	Director, Chairman of Audit Committee	CEO, **Tailwind Capital Inc.** (investment management company)
Joseph E. Fluet III Woodbridge, Virginia	August 13, 2018	Director	Chairman and CEO of **MAG Aerospace**
Joseph J. Heffernan Ontario, Canada	November 9, 1992	Director, Chairman of the Board	Chairman of **Clairvest**
G. John Krediet Delfstrahuizen, Netherlands	September 20, 2004	Director Member of Compensation and Human Resources Committee	Chairman, **CF Capital Management LLC** (investment management firm)
B. Jeffrey Parr Ontario, Canada	June 28, 2000	Director, Vice-Chairman and Managing Director	Vice-Chairman and Managing Director of **Clairvest**
Kenneth B. Rotman Ontario, Canada	June 28, 2000	Director, Chief Executive Officer and Managing Director	Chief Executive Officer and Managing Director of **Clairvest**

Name and Place of Residence	**Served as a Director Since**	**Office**	**Principal Occupation**
Lionel H. Schipper, C.M., Q.C. Ontario, Canada	February 17, 1987	Director, Member of Audit Committee	President, **Hawk Hill Investments Limited** (private investment company)
Isadore Sharp, O.C. Ontario, Canada	August 13, 1987	Director, Member of Compensation and Human Resources Committee	Chairman, **Four Seasons Hotels Inc.** (global hotel management company)
Michael Wagman Ontario, Canada	January 1, 2018	Director, President and Managing Director	President and Managing Director of **Clairvest**
Rick Watkin Ontario, Canada	August 12, 2015	Director	President and CEO, **KUBRA Data Transfer Ltd.** (electronic processing company)

The following table sets forth the names and place of residence and the position held with the Corporation of each of the executive officers of Clairvest.

Name and Place of Residence	**Office**	**Principal Occupation**
Daniel Cheng Ontario, Canada	Chief Financial Officer	Chief Financial Officer of Clairvest and Clairvest GP Manageco Inc. (“GP I”)
James H. Miller Ontario, Canada	General Counsel and Corporate Secretary	General Counsel and Corporate Secretary of Clairvest and Corporate Secretary of GP I
B. Jeffrey Parr Ontario, Canada	Director, Vice-Chairman and Managing Director	Vice-Chairman and Managing Director of Clairvest and GP I
Kenneth B. Rotman Ontario, Canada	Director, Chief Executive Officer and Managing Director	Chief Executive Officer and Managing Director of Clairvest and Chief Executive Officer of GP I
Michael Wagman	Director, President and Managing Director	Director, President and Managing Director of Clairvest and GP I

The Board of Directors of Clairvest is required to have an Audit Committee. Messrs. Barnett, Bregman and Schipper are the members of the Audit Committee. The Compensation and Human Resources Committee consists of Messrs. Barnett, Krediet and Sharp. All of the non-employee directors deal with governance matters.

All of the directors of Clairvest have held their principal occupations for more than five years, except the following: Mr. M. Wagman has held the position of President, Clairvest Group Inc. since January 1, 2018. Collectively, the directors and executive officers of the Corporation beneficially own, directly or indirectly, or exercise control or direction over 10,910,291 common shares or 72.4% per cent of the common shares of the Corporation.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Mr. Kenneth B. Rotman served as director of Landauer Metropolitan Inc. ("Landauer") until March 24, 2014. On August 16, 2013, Landauer commenced proceedings for reorganization under Chapter 11 of the United States Bankruptcy Code. On February 28, 2014, the debtors of Landauer filed a joint liquidation plan. The plan was approved on April 18, 2014 and the U.S. Bankruptcy Court for the District of Delaware ("Bankruptcy Court") entered an order confirming the plan effective May 1, 2014. Pursuant to the plan, the right to object to claims or to bring certain actions was reserved and vested in the General Unsecured Creditors Trust ("GUC Trust"). On August 14, 2015, a complaint was filed with the Bankruptcy Court by the GUC Trust against various parties, including Mr. Rotman and other former directors of Landauer. The complaint contains a variety of claims, all of which are being vigorously defended, which relate to the demise of Landauer and failed efforts to sell Landauer.

Mr. Kenneth B. Rotman served as a director of Light Tower Rentals, Inc. ("LTR") until October 7, 2016. On September 13, 2016, LTR commenced proceedings for reorganization under Chapter 11 of the United States Bankruptcy Court for the Southern District of Texas Houston Division entered an order confirming the plan effective October 7, 2016.

Mr. G. J. Krediet and Mr. Kenneth B. Rotman served as directors of Discovery Air Inc. ("Discovery Air"). On March 21, 2018, Discovery Air applied for creditor protection under the CCAA and on September 4, 2018, Discovery Air commenced bankruptcy proceedings under the Bankruptcy and Insolvency Act.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation's interest of management and others in material transactions are described in the FY2020 MD&A under "Transactions with Related Parties", which disclosure is incorporated by reference herein.

AUDIT COMMITTEE

The Audit Committee's Charter

The Charter of the Audit Committee has been attached hereto as Appendix A.

Position description of the Chairman of the Audit Committee

The position description of the Chairman of the Audit Committee has been attached hereto as Appendix B.

Composition of the Audit Committee

The Audit Committee is comprised of Messrs. John Barnett, Michael Bregman and Lionel Schipper, all of whom are independent of the Corporation and financially literate.

Relevant Education and Experience

Each member of the Audit Committee is able to read and understand financial statements and the Committee as a whole can fulfill the responsibilities outlined in the Audit Committee Charter. The relevant education and current and past experience of each Audit Committee member is summarized below:

Michael Bregman:

- B.S. Economics, Major in Finance, MBA
- CEO of Tailwind Capital Inc.
- Former CEO and current Chairman of The Second Cup Ltd.
- Former Director and Audit Committee member of Vincor International
- Former Director of Humpty Dumpty Snack Foods Inc.
- Former Treasurer of Mount Sinai Hospital and member of Audit Committee

John Barnett:

- CPA, CA
- Former President of Rothmans Benson & Hedges Inc.
- Former Chairman of the Board of Directors of Special Olympics Canada Foundation
- Former President of Molson Breweries

Lionel Schipper:

- LL.B.
- President Hawk Hill Investments Limited
- Director, Four Seasons Hotels & Resorts
- Former Partner at Goodman & Goodman (now Goodmans LLP)

- Former Chairman of Toronto Sun Publishing Corp. and the Financial Post
- Former Director of Co-Steel Inc., RR Donnelly, Magna International and Noma Industries Limited

Pre-Approval Policies and Procedures

On an annual basis, the Audit Committee will approve a list of permitted services which management may engage the Auditor to provide.

In the case of Audit assignments, the Audit Committee will recommend for the Board's approval fees on an annual basis. The Independent Auditor will prepare and present an Audit Plan to the Audit Committee detailing the extent of Audit services to be provided and the associated estimate of fees.

In the case of Audit-Related assignments, approval for such assignment will be sought from the Audit Committee.

In the case of due diligence assignments, the Audit Committee will provide approval of a maximum annual amount up to which the Corporation can engage the Auditor to provide such services, the amount of which may be increased with the approval of the Audit Committee. The Audit Committee will also approve a maximum amount per engagement above which specific pre-approval by the Audit Committee must be sought.

In the case of a service that is neither a permitted service nor a non-permitted service, approval for such engagement must be sought from the Audit Committee.

Where particular pre-approval is required, the Audit Committee will be deemed to have provided such pre-approval where the approval of two of the three members of the Audit Committee or the Chairman of the Audit Committee is provided. Under no circumstances may the Audit Committee delegate its responsibilities to management.

At each regularly scheduled Audit Committee meeting, management will provide to the Audit Committee a report of actual fees paid to the Auditor.

External Auditor Service Fees[1]

	Fiscal 2020[2]	Fiscal 2019[2]
Audit Fees	$280,000	$235,000
Audit-Related Fees[3]	$990,138	$494,669
Tax Compliance Fees	$440,421	$347,955
Total Fees	$1,710,559	$1,554,316

(1) Excluding expense recoveries and sales taxes.

(2) Fees paid relate to services provided to Clairvest, its subsidiaries and its acquisition entities. In addition to the fees disclosed above, audit fees paid during fiscal 2020 was $142,085 (2019 - $145,000) and tax fees paid was $94,434 (2019 - $75,018) with respect to CEP III, CEP IV, CEP IV-A, CEP V and CEP V-A.

(3) Audit-related fees comprised fees for financial and tax due diligence of Clairvest's potential investee companies, services related to securities offerings and other audit-related services.

TRANSFER AGENT AND REGISTRAR

AST Trust Company (Canada) is the transfer agent and registrar for the Corporation's common shares. AST Trust Company (Canada) can be reached by telephone at 1-800-387-0825, by fax at 1-888-249-6189, by e-mail at inquiries@astfinancial.com or by mail at P.O. Box 700, Station B, Montreal, QC, H3B 3K3.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Corporation and securities authorized for issuance under equity compensation plans is contained in the Corporation's information circular for its most recent annual meeting of securityholders. Additional financial information relating to the Corporation is provided in the Corporation's consolidated financial statements and Management Discussion & Analysis for its most recently completed financial year-end. Copies of such documents may be obtained upon request from the Secretary of the Corporation. Additional information can also be found on SEDAR at www.sedar.com.

APPENDIX A

<u>CHARTER OF THE AUDIT COMMITTEE</u>

The Audit Committee of Clairvest Group Inc. (the "Corporation") is a committee of the Board of Directors which has responsibility under the *Business Corporations Act (Ontario)* to review the financial statements, accounting policies and reporting procedures of the Corporation.

<u>Responsibilities:</u>

1. The Audit Committee shall satisfy itself, on behalf of the Board of Directors, that:

   (a) the Corporation's annual financial statements are fairly presented in accordance with International Financial Reporting Standards ("IFRS") and shall recommend to the Board of Directors whether the annual financial statements should be approved;

   (b) the financial information contained in the Corporation's quarterly financial statements, Annual Report to Shareholders and other financial publications such as Management's Discussion and Analysis of Financial Condition and Results of Operations and the information contained in press releases and other public disclosure documents is not significantly erroneous, misleading or incomplete;

   (c) the Corporation has implemented appropriate systems of internal control over financial reporting and the safeguarding of the Corporation's assets and that these are operating effectively;

   (d) the audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board of Directors has been addressed;

   (e) the Corporation's auditors are independent of management and are ultimately accountable to the Board of Directors and the Audit Committee as representatives of shareholders;

   (f) all statutory deductions have been withheld by the Corporation and remitted to the appropriate authorities; and

   (g) the Corporation's insurance coverage is adequate and that all deductibles are appropriate.

2. The Audit Committee shall review and recommend quarterly financial statements to the Board of Directors.

3. The Audit Committee shall review the performance and the remuneration of the Corporation's auditors and shall make recommendations to the Board of Directors in connection therewith.

4. The Audit Committee shall recommend to the Board of Directors (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services; and (ii) the compensation of the auditor.

5. The Audit Committee shall be directly responsible for overseeing the work of an auditor engaged for the purpose 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.

6. The Audit Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and (b) the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

7. The Audit Committee shall review with management and the auditors all major changes to the Corporation's accounting policies.

8. The Board of Directors may refer to the Audit Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board of Directors may from time to time see fit.

9. The Audit Committee shall discuss with the Corporation's auditors the quality and not just the acceptability of the Corporation's accounting principles.

10. The Audit Committee shall meet with the Corporation's auditors on a regular basis in the absence of management.

11. The Audit Committee shall review annually the non-audit services provided by the Corporation's auditors and shall maintain a policy and procedures for the pre-approval by the Audit Committee of non-audit services by the Corporation's auditors.

Authority:

12. The members of the Audit Committee shall have the right for the purpose of performing their duties of inspecting all the books and records of the Corporation and its subsidiaries and of discussing such accounts and records and any matters relating to the financial position of the Corporation with the officers and auditors of the Corporation and its subsidiaries and any member of the Audit Committee may require the auditors to attend any or every meeting of the Audit Committee.

13. The Audit Committee shall have the authority to communicate directly with the Corporation's auditors.

14. The Audit Committee shall review and respond to requests by individual directors to engage outside advisors at the expense of the Corporation.

15. The Audit Committee shall have the authority to engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties.

16. The Audit Committee shall approve the offer of employment to any person who is or was a partner or employee of the present or former auditor of the Corporation.

Structure:

17. The Board of Directors shall elect annually from among its members a committee to be known as the Audit Committee to be composed of at least three directors, all of whom are unrelated directors who are financially literate. For purposes of this policy "financially literate" means the ability to read and understand a balance sheet, an income statement and a cash flow statement. Additionally, at least one member should have the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with IFRS. At least two members of the Audit Committee will be resident Canadians.

18. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of Audit Committee. A majority of the members of the Audit Committee shall constitute a quorum provided that if the number of members of the Audit Committee is an even number one half of the number of members plus one shall constitute a quorum.

19. Any member of the Audit Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Audit Committee as soon as such member ceases to be a

director. Subject to the foregoing, each member of the Audit Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Audit Committee.

20. The Chairman of the Audit Committee will appoint a secretary who will keep minutes of all meetings (the "Secretary"). The Secretary does not have to be a member of the Audit Committee or a Director and can be changed by simple notice from the Chairman.

21. The Audit Committee will meet as many times as is necessary to carry out its responsibilities. Meetings will be at the call of the Chairman of the Audit Committee.

22. The time at which and place where the meetings of the Audit Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Audit Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board of Directors.

23. The members of the Audit Committee shall be entitled to receive such remuneration for acting as members of the Audit Committee as the Board of Directors may from time to time determine.

<u>Annual Review:</u>

24. The Audit Committee shall review annually these Terms of Reference as well as any procedures and policies referred to herein.

APPENDIX B

CHAIRMAN OF THE AUDIT COMMITTEE – POSITION DESCRIPTION

The Chairman of the Audit Committee is responsible for the effective functioning of the Audit Committee.

The Chairman of the Audit Committee shall be appointed by the Board of Directors (provided if there is a vacancy in such office, the members of the Audit Committee shall appoint one of its members to fill the vacancy until such time as it is filled by the Board of Directors).

The Chairman of the Audit Committee shall:

1. Establish procedures to govern the Committee's work and ensure the Committee's full discharge of its duties, including:

    - Collaborating with the CEO, the Chief Financial Officer and other members of management, where appropriate, to develop the agenda for Committee meetings;
    - Ensuring that the Terms of Reference and policies of the Audit Committee are carried out;
    - Obtaining appropriate information from management to enable the Committee to make informed decisions;
    - Ensuring that all items requiring Committee approval or Committee recommendations to the Board are appropriately tabled;
    - Ensuring proper flow of information to the Committee and reviewing adequacy and timing of documentary materials in support of management's proposals;
    - Ensuring that external advisors retained or to be retained by the Committee are appropriately qualified and independent;
    - Ensuring that the Committee has access to such members of senior management as may be required by the Board;
    - Ensuring an open and frank relationship between the Committee and the Corporation's auditors;
    - Supporting the independence of the Corporation's external auditor from management.

2. Ensure that proper investigation is made of matters reported to the Chairman of the Audit Committee pursuant to the Whistle Blower Policy;

3. Chair every meeting of the Committee and encourage free and open discussion at meetings of the Committee;

4. Report to the Board of Directors on behalf of the Committee; and

5. Carry out other duties as requested by the Board, depending on need and circumstances.