

**Burtsand Inc.**

**Audit and Corporate Governance Committee**

**Charter**

**Committee Mission:** The Committee acts on behalf of the Burtsand Board of Directors to assist Board overseeing the integrity of the Company's financial statements, compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, and the performance of the Company's independent auditors.

Members of the Committee are appointed by the Board of Directors and shall serve at the pleasure of the Board. The Board of Directors shall appoint the Committee Chair. Members of the Committee shall individually meet the independence requirements of the Toronto Stock Exchange and shall collectively meet the experience requirements of the Toronto Stock Exchange.

The Committee, without the necessity of seeking Board approval, shall have the authority to retain special legal, accounting, or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee shall make regular reports of its meetings to the Board of Directors.

**Functions, Duties and Authorities.** The Committee shall:

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors;
2. With respect to the independent auditors,
  - (i) have sole authority to select, retain, evaluate, and replace the independent auditors (subject to shareholder approval, if applicable);
  - (ii) pre-approve all non-audit services for the Company (the Chair of the Committee shall have the authority to grant any required approvals, subject to the Chair reporting any such approvals to the Committee at its next scheduled meeting);
  - (iii) approve all audit services for the Company (the Chair of the Committee shall have the authority to grant any required approvals, subject to the Chair reporting any such approvals to the Committee at its next scheduled meeting);
  - (iv) instruct the independent auditors that the independent auditors are accountable to the Committee;
  - (v) obtain a report from the independent auditors at least annually regarding (a) the auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, (c) any steps taken to deal with such issues, and (d) all relationships between the auditors and the Company so that the Committee may assess the auditor's independence;
  - (vi) to ensure that the independent auditors prepare and deliver annually a Statement of Independence (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement) and discuss with the independent auditors any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Company's independent auditors;

- (vii) recommend to the Board of Directors the compensation of the independent auditor; and
- (viii) as appropriate as determined by the Committee, obtain advice and assistance from outside legal, accounting or other advisors.

The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company and to any advisors employed by the Committee.

3. With respect to the preparation of financial reports and the conduct of the related audits of the Company,
  - (i) advise management and the independent auditors that they are expected to provide to the Committee a timely analysis of significant financial reporting issues and practices (and, in that regard, the Committee directs, and shall be entitled to rely upon, management and the independent auditors to identify financial reporting issues and practices, if any, of the significance requiring Committee oversight);
  - (ii) meet with management and the independent auditors to (a) discuss the scope of the annual audit, (b) review the annual audited financial statements including disclosures made in management's discussion and analysis and related press releases prior to public disclosure, (c) discuss any significant matters arising from the audit or report as disclosed to the Committee by management or the independent auditors, (d) review the form of opinion the independent auditors propose to render with respect to the audited annual financial statements, (e) discuss significant changes to the Company's auditing and accounting principles, policies, or procedures proposed by management or the independent auditors, and (f) inquire of the independent auditors of significant risks or exposures, if any, that have come to the attention of the independent auditors and any difficulties encountered in conducting the audit, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management;
  - (iii) meet with management to review the Company's quarterly financial statements including disclosures made in management's discussion and analysis and related press releases prior to public disclosure;

At least annually prior to the filing of the audit report with the Commission (and more frequently if appropriate), review and discuss reports from the external auditor on (1) all critical accounting policies and practices to be used, (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor and (3) other material written communications between the external auditor and management, such as any management letter or schedules of unadjusted differences.

Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

4. Supervise and direct any special projects or investigations the Committee considers necessary;
5. Review with the Company's counsel legal matters that may have a material impact of the financial statements and any material reports or inquiries received from regulators or government agencies raising significant issues as to compliance with applicable laws;
6. Meet separately, periodically, with representatives of management, and the independent auditors;

7. Set policies for the Company's hiring of employees or former employees of the independent auditors;
8. Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, and auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
9. Review with management the Company's contingency plans, other emergency recovery plans, and the Company's security program for end use computing;
10. Prepare and/or review any report of the Committee required to be included in the Company's annual proxy statement; and
11. Conduct and review with the Board of Directors annually an evaluation of the Committee's performance with respect to the requirements of this Charter.

While the Committee has functions, duties and authorities set forth in this Charter, its role is one of oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with generally accepted accounting principles. This is the responsibility of management. The independent auditors are responsible for planning and carrying out a proper audit and review, including, when requested, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report. In fulfilling their responsibilities hereunder, it is recognized that the members of the Committee are not employees of the Company and are not, and do not represent themselves to be, serving as accountants or auditors. As such, it is not the responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting procedures and each member of the Committee shall be entitled to rely, in good faith, on the integrity of those persons or organizations within and outside the Company that it receives information, opinions, reports, or statements from and the accuracy of the financial and other information, opinions, reports or statements provided to the Committee by such persons or organizations.

The Committee will meet as often as it determines is appropriate, but not less frequently than quarterly. All Committee members are expected to attend each meeting, in person or via tele-videoconference. The Committee may invite any officer or employee of the Company, the external auditors, the Company's outside counsel, the Committee's counsel or others to attend meetings and provide pertinent information. Meeting agendas will be prepared by the Chief Financial Officer, subject to review and amendment by the Committee, and provided in advance to members, along with appropriate briefing materials. Minutes will be kept by a member of the Committee or a person designated by the Committee.

Delegation to Subcommittee. The Committee may delegate to a subcommittee of its members (including alternates) any of its functions, duties and authorities, on such terms and conditions and with such limitations (if any) as the Committee deems appropriate.

With respect to corporate governance matters pertaining to the shareholders and the Board of Directors. The Committee:

- has the specific and ongoing responsibility to review the state of Burntsand's corporate governance as to quality and effectiveness and to recommend enhancements to the Board of Directors;
- reviews the performance, but not the compensation, of the Chief Executive Officers (CEO) and succession planning for the CEO;
- reviews the role and composition of the board and its committees and the methods and processes by which the board fulfils its duties;
- reviews the performance of the board, its committees and the directors;
- considers board and committee agendas and the quality of material being presented; and
- establishes criteria for election and re-election as a director, thereby managing the director nomination process.