

CLAIRVEST GROUP INC.

AUDIT COMMITTEE TERMS OF REFERENCE

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.

Responsibilities:

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 generally accepted accounting principles 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 Canadian generally accepted accounting principles. 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.

Annual Review:

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