

## **SCHEDULE “D”**

### **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF DIFFERENCE CAPITAL FINANCIAL INC. (THE “COMPANY”)**

#### **I. Role of the Committee**

The audit committee (the “**Committee**”) is appointed by the board of directors of the Company (the “**Board**”) to assist the Board to promote and improve the credibility and objectivity of financial reports.

The Committee shall oversee the accounting and financial reporting processes of the Company and review and recommend for approval by the Board the financial statements, management’s discussion and analysis (“**MD&A**”), annual information form (“**AIF**”) and interim earnings press releases.

The Committee will manage the relationship between the Company and the external auditors by overseeing the work of the external auditors and by making recommendations to the Board on the engagement, remuneration and termination of the external auditors based on its evaluation of performance.

The Committee shall pre-approve all non-audit services the external auditors propose to provide to the Company.

The Committee shall facilitate and maintain open communications among management of the Company, the external auditors, and the Board.

The Committee shall be responsible for the discharge of such other duties as may be prescribed by regulatory authorities or delegated by the Board.

#### **II. Membership**

The Committee shall be comprised of three or more directors all of whom shall be independent as determined by the Board in conformity with the laws, regulations and listing requirements to which the Company is subject. An independent Committee member is one who has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, as determined by the Board, reasonably interfere with the exercise of a member’s independent judgment. The Chair of the Committee shall be appointed by the Board. A quorum shall consist of two directors.

All members of the Committee shall in the judgment of the Board be “financially literate”. “Financially literate” shall mean the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

#### **III. Meetings**

The Committee shall meet at least four times per year and at such other times as any member of the Committee deems necessary to fulfill its responsibilities. The Company’s external auditors will normally be required to attend all meetings. At each regular meeting, the Committee shall meet separately with management and the external auditors to discuss any matters the committee or any of these parties believe should be discussed privately.

#### **IV. Reporting to the Board**

The Committee shall report on the results of each meeting of the Committee at the next meeting of the Board. All minutes, supporting schedules and data received and reviewed by the Committee are to be available for examination by any member of the Board upon request to the secretary of the Committee.

#### **V. Authority**

The Committee shall have direct access to all books, records, facilities and personnel of the Company, including to the external auditor as it determines this to be advisable. All employees of the Company are to cooperate as requested by Committee members.

The Committee shall have the authority to retain persons having special expertise in legal, accounting or other matters as it determines to be necessary to assist it in discharging its responsibilities. The Committee shall have the authority to set and pay the compensation of any advisors it engages.

The Board may authorize the Committee to investigate any activity of the Company.

#### **VI. Responsibilities**

In the discharge of its role, the Committee will have the responsibility to:

- (a) recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and the compensation of the external auditors;
- (b) confirm the external auditors are participants in good standing with the Canadian Public Accountability Board;
- (c) confirm the direct reporting and accountability of the auditors to the Committee and through the Committee to the Board as representatives of the Company's shareholders;
- (d) pre-approve any non-audit services to be provided by the external auditors and generally assess the independence of the external auditors having reference to the independence standards of the Canadian Institute of Chartered Accountants, whereby the pre-approval requirement may be satisfied if:
  - (i) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the services were provided;
  - (ii) the services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) the services were promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom the Committee may delegate authority to grant such approvals;
- (e) verify the rotation of the lead audit partner and/or the audit partner responsible for reviewing the audit as required by law;

- (f) review and approve the Company's hiring policies regarding employees or persons previously employed by the present or former external auditors;
- (g) review the scope of the external auditors' audit plan and the procedures to be utilized with the external auditors and with management;
- (h) review with management and with the external auditors all major accounting policies and practices adopted, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- (i) question management regarding significant variances between comparative reporting periods;
- (j) review with management and the external auditors and recommend to the Board the audited annual financial statements and the quarterly financial statements of the Company;
- (k) question management and the external auditors regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (l) review any restrictions imposed by management in performing the external audit or significant accounting issues on which there was a disagreement with management;
- (m) review the post-audit or management letter, containing the recommendations of the external auditors, and management's response and subsequent follow up to any identified weakness;
- (n) review and recommend for the approval by the Board the AIF, MD&A, news releases and any financial guidance and all public disclosure documents containing audited or unaudited financial information before release;
- (o) review the audit plan issued by the external auditors and subsequent follow up to any identified weakness;
- (p) review with management significant financial risk exposures, the steps taken to monitor and control such exposures and approve any related policies;
- (q) review with management the status of any material pending or threatened litigation;
- (r) inquire of management as to the Company's disclosure controls and procedures and as to the existence of any significant deficiencies in the design or operation of internal controls and any fraud that involves employees who have a significant role in the Company's internal controls; and
- (s) review the status of compliance with laws and regulations and the scope and status of systems designed to ensure compliance therewith and receive reports from management, legal counsel and other third parties as determined by the committee on such matters, as well as major legislative risks.

## **VII. Allocation of Responsibilities**

Management is responsible for operating the business of the Company and for its internal controls and the financial reporting process. The external auditors are responsible for performing an independent audit of

the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The external auditors shall report and be accountable to the Committee and through the Committee to the Board as representatives of the Company's shareholders. The Committee's responsibility is to monitor and oversee these processes on behalf of the Board. The Committee is not charged with the duty to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles.

The existence of the Committee and the delegation to it of certain powers and duties by the Board does not relieve individual members of the Board from the responsibility of satisfying themselves that the affairs of the Company are being properly conducted.

### **VIII. Complaints**

Concerns or complaints submitted to management of the Company, including but not restricted to concerns and complaints which relate to accounting, internal accounting controls or audit matters, shall be referred to the Chair of the Committee. The Committee shall deal with all such internal complaints relating to such matters.

No reprisal, retaliation or disciplinary action shall be taken against employees for reporting, in good faith, such concerns. The Chair of the Committee shall, if requested by the complainant, keep the identity of the complainant in confidence to the extent appropriate or permitted by law.

### **IX. Annual Review**

The audit committee shall review the adequacy of this Charter on an annual basis and recommend any changes to the Board.