

# **Innovium Media Properties Corp.**

## **Audit Committee Charter**

### **OVERALL PURPOSE / OBJECTIVES**

Innovium Media Properties Corp.'s ("Innovium" or the "Company") Board of Directors (the "Board") has established an Audit Committee (the "Committee") whose membership, authority and responsibilities shall be as set out in this Audit Committee Charter. The Committee will provide independent review and oversight of the Company's financial reporting process, the system of internal control and Management of financial risks, and the audit process, including the selection, oversight and compensation of the Company's external auditors. The Committee will also assist the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of conduct. In performing its duties, the Committee will maintain effective working relationships with the Board, Management, and the external auditors and monitor the independence of those auditors. If asked to do so by the Board of Directors, the Committee will also review the Company's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company's business, operations and risks.

### **AUTHORITY**

The Board authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to request the attendance of the Company's officers at meetings as appropriate. The Company shall provide for appropriate funding, as determined by the Committee in its sole discretion, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to independent counsel and other advisers, as the Committee determines is necessary to carry out its duties; and (iii) ordinary administrative expenses of the Committee that the Committee determines are necessary or appropriate in carrying out its duties.

### **MEMBERSHIP**

1. The Committee shall have at least three (3) members at all times, each of whom must be a member of the Board and must be independent as defined by promulgated best practices by applicable law and applicable stock exchange listing rules (the "Listing Rules"), unless the Board determines that such independence is not required. A member of the Committee shall be considered independent if:
  - (a) he or she, other than in his or her capacity as a member of the Committee, Board or any other committee of the Board, does not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the Committee member,

or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the Company;

- (b) is not currently employed, and has not been employed in the past three years, by the Company or any of its affiliates;
  - (c) is not an "affiliated person" of the Company or any of its subsidiaries as defined by applicable Listing Rules; and
  - (d) he or she meets all other requirements for independence imposed by law and the Listing Rules from time to time and any requirements imposed by any Canadian body having jurisdiction over the Company.
2. No Director qualifies as independent unless the Board affirmatively determines that the Director does not have a material relationship with the Company that would interfere with the exercise of independent judgment.
  3. All members of the Committee shall have a practical knowledge of finance and accounting and be able to read and understand fundamental financial statements from the time of their respective appointments to the Committee. In addition, members may be required to participate in continuing education if required by applicable law or the Listing Rules.
  4. At least one member of the Committee shall meet the financial sophistication standards under the Listing Rules.
  5. Each member of the Committee shall be appointed by the Board and shall serve until the earlier to occur of the date on which he or she shall be replaced by the Board, resigns from the Committee, or resigns from the Board.

## **MEETINGS**

1. The Committee shall meet as frequently as required, but at least quarterly. The Board shall appoint a Chair of the Committee, who shall prepare and/or approve an agenda in advance of each meeting and shall preside over meetings of the Committee. In the absence of the Chair, the Committee shall select a chairperson for that meeting. A majority of the members of the Committee shall constitute a quorum and the act of a majority of the members present at a meeting where a quorum is present shall be the act of the Committee. The Committee may also act by unanimous written consent of its members. The minutes of the Committee will be in writing and duly entered into the books of the Company.
2. The Committee shall, through its Chair, report regularly to the Board following the meetings of the Committee, addressing such matters as the quality of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the outside auditors, the performance of any internal audit function and other matters related to the Committee's functions and responsibilities.

3. The Committee shall at least annually meet separately with each of the Company's senior executive group, including the Company's chief financial officer, and the Company's outside auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

## **ROLES AND RESPONSIBILITIES**

1. The Committee's principal responsibility is one of oversight. The Company's Management is responsible for preparing the Company's financial statements, and the Company's outside auditors are responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the outside auditors' work.
2. The Committee's specific responsibilities and powers are as set forth below:

### **General Duties and Responsibilities**

- Periodically review with Management and the outside auditors the applicable law and the Listing Rules relating to the qualifications, activities, responsibilities and duties of audit committees and compliance therewith, and also take, or recommend that the Board take, appropriate action to comply with such law and rules.
- Review and evaluate, at least annually, the adequacy of this Charter and make recommendations to the Board for changes to it.
- Establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Retain, at the Company's expense, independent counsel, accountants or others for such purposes as the Committee, in its sole discretion, determines to be appropriate to carry out its responsibilities.
- Prepare annual reports of the Committee for inclusion in the proxy statements for the Company's annual meetings.
- Investigate any matter brought to its attention related to financial, accounting and audit matters and have full access to all books, records, facilities and personnel of the Company.
- Undertake such additional responsibilities as from time to time may be delegated to it by the Board, required by the Company's articles or bylaws or required by law or Listing Rules.
- As required, but no less frequently than annually, meet with the Disclosure Committee to review changes proposed with respect to the Disclosure Policy and to confirm consistency of Disclosure Policy with this Charter.

## **Auditor Independence**

- Be directly responsible for the appointment, compensation, retention, termination, and oversight, subject to the requirements of Canadian law, of the work of any outside auditor engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services as such are defined in Section 7050 of the CICA Handbook. The outside auditors shall report directly to the Committee.
- Receive from the outside auditors, review and discuss, a formal written statement delineating all relationships between the outside auditors and the Company, consistent with the CICA Independence Standards, regarding relationships and services, which may affect the objectivity and independence of the outside auditors, and other applicable standards. The statement shall include a description of all services provided by the outside auditors and the related fees. The Committee shall actively discuss any disclosed relationships or services that may affect the objectivity and independence of the outside auditors.
- Pre-approve all engagement letters and fees for all auditing services (including providing comfort letters in connection with securities underwritings) and non-audit services performed by the outside auditors. Pre-approval authority may be delegated to a Committee member or a subcommittee, and any such member or subcommittee shall report any decisions to the full Committee at its next scheduled meeting. The Committee shall not approve an engagement of outside auditors to render non-audit services that are prohibited by law or the Listing Rules.
- Review with the outside auditors, at least annually, the auditors' internal quality control procedures and any material issues raised by the most recent internal quality peer review of the outside auditors.

## **Internal Control**

- Review annually the adequacy and quality of the Company's financial and accounting staffing, the need for and scope of internal audit reviews, and the plan, budget and the designations of responsibilities for any internal audit.
- Review the performance and material findings of internal audit reviews, if any.
- Review annually with the outside auditors any significant matters regarding the Company's internal controls and procedures over financial reporting ("internal controls") that have come to their attention during the conduct of their annual audit, and review whether internal controls recommendations made by the auditors have been implemented by Management.
- Review major risk exposures (whether financial, operating or otherwise) and the guidelines and policies that Management has put in place to govern the process of monitoring, mitigating and reporting such exposures.
- Review and evaluate at least annually the Company's policies and procedures for maintaining and investing cash funds and for hedging (foreign currency, etc.).

- Review disclosures made to the Committee by the Company's CEO and CFO during their certification process required under Multilateral Instrument 52-109, as applicable, about any significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and any fraud involving Management or other employees who have a significant role in the Company's internal controls.
- Evaluate whether Management is setting the appropriate tone at the top by communicating the importance of internal controls and ensuring that all supervisory and accounting employees understand their roles and responsibilities with respect to internal controls.

### **Annual and Interim Financial Statements**

- Review, evaluate and discuss with the outside auditors and Management the Company's audited annual financial statements and other information that is to be filed with Canadian Securities regulatory authorities and to be included in the Company's Annual Information Form, as applicable, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the results of the outside auditors' audit of the Company's annual financial statements, including the accompanying footnotes and the outside auditors' opinion, and determine whether to recommend to the Board that the financial statements be included in the Company's Annual Information Form, if appropriate.
- Review, evaluate and discuss the nature and extent of any significant changes in Canadian accounting principles, or the application of accounting principles.
- Ensure that the Company's accounting policies are appropriate and that financial results are fairly presented.
- Require the outside auditors to examine the Company's interim financial statements.
- Discuss with Management the Company's interim financial statements and other information to be included in the Company's quarterly reports, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", prior to filing such reports on SEDAR.
- Review and discuss with the Company's Management significant accounting and reporting principles, practices and procedures applied in preparing the financial statements and any major changes to the Company's accounting or reporting principles, practices or procedures, including those required or proposed by professional or regulatory pronouncements and actions, as brought to its attention by Management and/or the outside auditors.
- Review and discuss all critical accounting policies identified by Management and/or the outside auditors.
- Review significant accounting and reporting issues, including recent regulatory announcements and rule changes and Canadian GAAP matters and understand their effect on the financial statements.

- Discuss alternative treatments of financial information under generally accepted accounting principles, the ramifications of each treatment and the method preferred by the Company's outside auditors.
- Review the results of any material difficulties, differences or disputes with Management encountered by the outside auditors during the course of the audit and be responsible for overseeing the resolution of such difficulties, differences and disputes.
- Review the matters required to be discussed under Section 5751 of the Assurance Standards Board releases (Communications with Audit Committees), relating to the conduct of the audit.
- Review the scope, plan and procedures to be used on the annual audit and receive confirmation from the outside auditors that no limitations have been placed on the scope or nature of their audit scope, plan or procedures.

#### **Related Party Transactions**

- Review any transaction involving the Company and a related party (as such may be described from time to time by applicable legislation) at least once a year or upon any significant change in the transaction or relationship.

#### **Earnings Press Releases**

- Review and discuss with Management and, if appropriate, the outside auditors, prior to release, all earnings press releases of the Company, as well as financial information and earnings guidance, if any, provided by the Company to analysts and rating agencies.

#### **Compliance With Law And Regulations**

- Ensure that Management has the proper systems and review processes in place so that the Company's financial statements, financial reports and other financial information satisfy all legal, regulatory and professional standards requirements.
- Review with the Company's counsel, Management and the independent auditors any legal or regulatory matter, including reports or correspondence, which could have a material impact on the Company's financial statements or compliance policies.
- Report regularly to the Board with respect to any issues that arise with respect to the quality or integrity of the Company's financial statements, the performance and independence of the Company's independent auditors and internal audit function issues.

#### **Administering Whistleblower Policy**

- Review at least annually the Company's Whistleblower Policy.
- Deal with complaints made by employees and others in accordance with the Whistleblower Policy.

*Adopted by the Innovium Board of Directors on December 20, 2006*