

Audit Committee Information

Audit Committee Charter

Scope and purpose of the Committee

Posera management has the primary responsibility for the financial reporting process. The Board of Directors and its Audit Committee (the “Committee”) is responsible for overseeing the financial reporting process and ensuring its credibility. The Committee will also from time to time assume specified responsibilities beyond reporting process.

The Committee will review and recommend to the Board of Directors for approval the annual audited consolidated financial statements of Posera, and if they are to be published, the quarterly unaudited consolidated financial statements and related documents (including press releases if applicable) before publication. The Committee will discuss with the independent auditors the scope of their examination, monitor the progress of the independent audit and ensure the adequacy of accounting controls (which are the responsibility of management). The Committee will review the scope, results and performance of the Corporation’s internal audit department (if any).

The Committee will monitor, on behalf of the Board of Directors, the Corporation’s compliance with security policies and developments as they relate to the Corporation (e.g. safeguarding intellectual property, systems, money and other property). The Committee will, from time to time, recommend to the Board of Directors for approval changes in the policies related thereto.

The Committee is responsible for identifying the principal risks facing the Corporation and ensuring that risk management policies and procedures are in place to mitigate these risks.

Membership

The Committee shall consist of a minimum of three directors of the Corporation, including the Chair of the Committee, all of whom are outside directors and the majority of whom are unrelated directors. One member will carry appropriate accreditation to be recognized as a “financial expert”. The Chair of the Board of Directors and the Chief Executive Officer shall receive notice of and be entitled to attend meetings of the Committee, except in camera sessions to be held as part of every meeting.

Duties and Responsibilities

1. The Committee shall review and recommend to the Board of Directors for approval:
 - (a) The annual audited consolidated financial statements.
 - (b) Any quarterly reports to be issued to the shareholders and the unaudited consolidated financial statements contained therein.
 - (c) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g. prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release.

- (d) The management discussion and analysis (“MD&A”) for release to shareholders and third parties.
- (e) The recommendations of management as to the appointment or reappointment of external auditors and the remuneration of external auditors. If a change in external auditors is proposed, the Committee will enquire as to the reasons for the change, including the response of the incumbent auditors.
- (f) Changes or additions to the Corporation's policies relating to security and/or safety of prepaid funds. Annually, the Committee will report to the Board of Directors on the appropriateness of the policy guidelines in place to administer the Corporation’s security programs and safety of prepaid funds.
- (g) The identification of the principal risks facing the Corporation. Annually, the Committee will report to the Board of Directors on the appropriateness of the risk management policies and procedures in place to mitigate those risks.

2. The Committee, in fulfilling its mandate, will:

- (a) Review the scope of the external audit, including the fees involved.
- (b) Review factors that might impair, or be perceived to impair, the independence of the external auditors. Further, it will review any non-audit service provided by the external auditors and the fees related thereto, and have the right to require pre-approval of any such services.
- (c) Review the report of the external auditors on the annual audited consolidated financial statements.
- (d) Review problems found in performing the audit, such as limitations or restrictions imposed by management or situations where management seeks a second opinion on a significant accounting issue.
- (e) Review major positive and negative observations of the external auditors during the course of the audit.
- (f) Review with management and the external auditors, the Corporation’s major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
- (g) Review emerging accounting issues and their potential impact on the Corporation’s financial reporting.
- (h) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Corporation, and whether these matters have been appropriately disclosed in the financial statements.
- (i) Review the conclusions reached in the evaluation of management’s internal control systems by either the internal or external auditors, and management’s responses to any identified weaknesses.
- (j) Review the scope of responsibilities and effectiveness of the internal audit group (if any) including internal audit reporting lines and their working relationship with the external auditors.

- (k) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
 - (l) Review with management their approach with respect to business ethics and corporate conduct.
 - (m) Review the expenses of the Chair of the Board of Directors and President of the Corporation quarterly.
 - (n) Review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable).
 - (o) Monitor and make recommendations to the Board regarding “trust arrangements” performance to protect prepaid funds.
 - (p) Review annually the business continuity plans for the Corporation.
 - (q) Review the annual audit plans of the internal (if any) and external auditors of the Corporation.
 - (r) Review annually general insurance coverage of the Corporation to ensure adequate protection of major corporate assets including but not limited to Directors' & Officers' and “Key Person” coverage.
 - (s) Perform such other duties as required by the Ontario Business Corporations Act and applicable securities legislation and policies.
3. The Committee may approve the engagement of outside advisors for the Committee as required, following notice to and approval in advance of the expenditure by the Chair of the Board of Directors.

Accountability

The Committee shall report to the Board of Directors at its next regular meeting on all such action taken since the previous report.

Meetings

1. The Committee shall meet at such times and places as the Committee may determine, but no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
2. Meetings may be conducted with members present, in person, by telephone or by video conference facilities.
3. A resolution in writing signed by all the members of the Committee is valid as if it had been passed at a meeting of the Committee.
4. The external auditors or any member of the Committee may call a meeting of the Committee.
5. The external auditors of the Corporation will receive notice of every meeting of the Committee.
6. The internal auditors (if any) shall report quarterly to the Committee on the results of internal audit activities and have a right of access to the Chair of the Committee should the need arise.

Audit Committee Information

At December 31, 2017, the Chair of the Audit Committee was Mr. M. Brown, and its other members were Mr. D. Del Chiaro and Mr. G. Figueira. In the view of the Board of Directors of the Corporation, all three

members of the Audit Committee were and are independent, in that none has a direct or indirect material relationship with the Corporation within the meaning of Multilateral Instrument 52-110 Audit Committees (“MI 52-110”).

The Board of Directors has determined that every member of the Audit Committee, past and present, is financially literate. The Board has made this determination based on the education and breadth and depth of experience of each member of the Audit Committee.

Relevant Education and Experience

Mr. Brown is retired. Previously, he held positions with Macquarie Bank of Australia as President and CEO of Macquarie North America, and then as Vice Chairman. Prior to that, he was a Managing Partner with Gordon Capital Corporation, responsible for mining investment banking, and previously was head of equity research and an analyst with Deutsche Morgan Grenfell Canada. He has served as a member of the List Committee of the Toronto Stock Exchange and as a Governor of the Exchange.

Mr. Del Chiaro has built and operated grocery stores from 1983 to 2009 and was a director on the board of the Canadian Federation of Independent Grocers for many years, serving on the Executive and as Chairman. Mr. Del Chiaro served on the board of the Peoples Telephone Company for eight years until its sale in 2006. Mr. Del Chiaro also served on the board of the Agriculture Adaptation Council of Canada. Mr. Del Chiaro has been involved in several businesses and is currently developing retail commercial properties in Ontario.

Mr. Figueira is retired as the Business Unit Executive for IBM's Retail Systems Division for Canada and the English speaking Caribbean. In this position he was responsible for IBM's sales, marketing and support teams in these areas. Previously he was General Manager for Siemens Pyramid Canada and Director of Retail Systems for NCR Canada, with similar responsibilities as above.

External Auditor Service Fees

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<u>Types of Fees</u>	<u>2017</u>	<u>2016</u>
Audit Fees	209	193
Audit-Related Fees	5	45
Tax Fees	-	-
All Other Fees	-	-
Total	<u>214</u>	<u>238</u>

Audit Fees includes fees for professional services rendered by the external auditors to perform the annual audit of the Corporation's financial statements, quarterly review of the Corporation's financial statements and accounting consultations and services required by the legislation such as comfort letters, consents, and statutory audits.

Audit-Related Fees includes fees for accounting consultations on proposed transactions, internal control reviews and specified procedures surrounding the Company's transition to IFRS reporting.

Tax Fees includes fees for all services for tax compliance, tax planning and tax advice.