



**GMP CAPITAL INC. (the “Corporation”)**

**AUDIT COMMITTEE CHARTER**

**PURPOSE**

The Audit Committee is appointed by the Board of Directors of the Corporation to assist the Board in its oversight and evaluation of:

- the quality and integrity of the financial statements of the Corporation;
- the internal control and financial reporting systems of the Corporation;
- the Corporation’s compliance with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the Corporation’s independent auditors;
- the performance of the Corporation’s Chief Financial Officer; and
- any additional duties set out in this Charter or otherwise delegated to the Audit Committee by the Board of Directors.

In addition, the Audit Committee provides an avenue for communication between the independent auditor, financial management, other employees and the Board of Directors concerning accounting and auditing matters.

The Audit Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Corporation.

The Audit Committee is not responsible for:

- planning or conducting audits;
- certifying or determining the completeness or accuracy of the Corporation’s financial statements or that those financial statements are in accordance with generally accepted accounting principles; or
- guaranteeing the report of the Corporation’s independent auditor.

The fundamental responsibility for the Corporation's financial statements and disclosure rests with management. It is not the duty of the Audit Committee to conduct investigations, to itself resolve disagreements (if any) between management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

## **REPORTS**

The Audit Committee shall report to the Board of Directors of the Corporation on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Audit Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the Corporation's financial statements, its compliance with legal or regulatory requirements in respect of financial matters and disclosure, and the performance and independence of the Corporation's independent auditor.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the Corporation's publicly filed documents.

## **COMPOSITION**

The members of the Audit Committee shall be three or more members all of whom are outside directors appointed in each year (and may be replaced) by the Board of Directors of the Corporation on the recommendation of the Corporation's Governance Committee. Each of the members of the Audit Committee shall meet the standards for directors' independence required by applicable law and, without limitation, shall be financially literate (or acquire that familiarity within a reasonable period after appointment). This shall, at a minimum, include 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 that can reasonably be expected to be raised by the Corporation's financial statements. No member of the Audit Committee shall accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Corporation, or its subsidiaries or Affiliates (as defined in section 1.3 of National Instrument 45-106 – *Prospectus and Registration Exemptions*) (the “**GMP Group**”) (other than remuneration for acting in his or her capacity as a director) or be an “affiliated person” of the GMP Group. (For this purpose, an “affiliate” of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.) No member of the Audit Committee shall concurrently serve on the audit committee of more than two other public companies or on the audit committee of a competitor or client.

## **RESPONSIBILITIES**

### **Independent Auditors**

The Audit Committee shall:

- Recommend to the Board of Directors the appointment and, if appropriate, termination of the independent auditor, subject to the provisions of law, regulation and policy;

- Establish the compensation of the independent auditor, subject to the provisions of law, regulation and policy;
- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Audit Committee and the Board of Directors of the Corporation;
- Oversee the independent auditor and, in the context thereof, require the independent auditor to report to the Audit Committee (among other things) any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement;
- Adopt policies and procedures for the pre-approval of the retention of the Corporation's independent auditor by the GMP Group for all audit and permitted non-audit services (subject to any restrictions on such services imposed by applicable legislation), including procedures for the delegation of authority to provide such approval to one or more members of the Audit Committee; and
- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Audit Committee should, among other things, undertake the measures set forth in Schedule "A".

### **The Audit Process, Financial Statements and Related Disclosure**

The Audit Committee shall, as it determines to be appropriate:

- Review with management and the independent auditor,
  - the planning and staffing of the audit by the independent auditor,
  - prior to public disclosure, the Corporation's annual audited financial statements and quarterly unaudited financial statements, the Corporation's accompanying disclosure of Management's Discussion and Analysis ("MD&A") and earnings press releases and make recommendations to the Board of Directors as to the approval and dissemination of those statements and disclosure,
  - financial information provided to analysts, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release,
  - any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Corporation's financial statements,

- all critical accounting policies and practices used,
  - all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor,
  - the use of “pro forma” or “adjusted” non-GAAP information,
  - the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the Corporation’s financial statements,
  - any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Audit Committee by the Chief Executive Officer and the Chief Financial Officer of the Corporation during their certification process for forms filed with applicable securities regulators,
  - the adequacy of the GMP Group’s internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies, and
  - the establishment, and periodic review, of procedures for the review of financial information extracted or derived from the Corporation’s financial statements,
- Review with management the GMP Group’s guidelines and policies with respect to risk assessment and the GMP Group’s major financial risk exposures and the steps management has taken to monitor and control such exposures.
  - Review with the independent auditor,
    - the quality as well as the acceptability of the accounting principles that have been applied,
    - any problems or difficulties the independent auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the Corporation’s response to that letter or communication, and
    - any changes to the Corporation’s significant auditing and accounting principles and practices suggested by the independent auditor and members of management.

- Review with management all related party transactions and the development of policies and procedures related to those transactions.
- Oversee appropriate disclosure of the Committee's charter, and other information required to be disclosed by applicable legislation, in the Corporation's Annual Information Form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Corporation's securityholders.

## **Compliance**

The Audit Committee shall, as it determines appropriate:

- Review with the Corporation's Chief Compliance Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies;
- Review with the Corporation's Chief Compliance Officer any legal matters that may have a material impact on the financial statements or accounting policies;
- Establish procedures for;
  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and
  - the confidential, anonymous submission by employees of the GMP Group with concerns regarding any accounting or auditing matters.
- Periodically review with management the need for an internal audit function.

## **Delegation**

To avoid any confusion, the Audit Committee responsibilities identified above are the sole responsibility of the Audit Committee and may not be delegated to a different committee.

## **MEETINGS**

The Audit Committee shall meet at least quarterly and more frequently as circumstances require. All members of the Audit Committee should strive to be at all meetings. The Audit Committee shall meet separately, periodically, with management and the independent auditors and may request any officer or employee of the GMP Group or the GMP Group's outside counsel or independent auditor to attend meetings of the Committee or with any members of, or advisors to, the Committee. The Audit Committee also may meet with the investment bankers, financial analysts and rating agencies that provide services to, or follow, the GMP Group.

The Audit Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so.

### **INDEPENDENT ADVICE**

In discharging its mandate, the Audit Committee shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal, accounting or other advisors as the Audit Committee determines to be necessary to permit it to carry out its duties.

### **ANNUAL EVALUATION**

At least annually, the Audit Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Audit Committee with this Charter.
- Review and assess the adequacy of its Charter and recommend to the Board of Directors any improvements to this Charter that the Committee determines to be appropriate.

### **WAIVERS OF THIS CHARTER**

The Board of Directors may, in its absolute discretion, grant waivers of any of the provisions and requirements of this Charter.

## **SCHEDULE “A”**

### **Qualifications, Performance and Independence of Independent Auditor**

- Review the experience and qualifications of the senior members of the independent auditor’s team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve clear policies for the hiring by the GMP Group of employees or partners or former employees or former partners of the current and former independent auditor.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board of Directors of the Corporation take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.