



## GIBSON ENERGY INC.

### AUDIT COMMITTEE CHARTER

#### A. POLICY STATEMENT

It is the policy of Gibson Energy Inc. (the “**Company**”) to establish and maintain an audit committee (the “**Committee**”) to assist the Board of Directors (the “**Board**”) in carrying out its oversight responsibility regarding the Company’s internal controls, financial reporting and risk management processes. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

#### B. REPORTING AND ACCOUNTABILITY

1. The Committee is accountable to the Board. The Committee shall, after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
2. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board.
3. The Committee shall review and assess the adequacy of this Charter on an annual basis and, where necessary, will recommend changes to the Board for its approval.
4. Each year the Committee and each member thereof shall review and evaluate its performance and submit itself to a review and assessment by the Board.

#### C. COMPOSITION OF THE COMMITTEE

1. The Committee will consist of at least three Directors appointed annually by the Board. Where a vacancy occurs at any time in the membership of the Committee, such vacancy may be filled by the appointment of the Board. The Board may seek advice as considered necessary, including from management of the Company and any committee of the Board, including the Corporate Governance, Compensation and Nomination Committee, in





identifying qualified candidates. Each year the Board will designate one member as a chairman of the Committee (the “Chair”).

2. Each director appointed to the Committee by the Board shall be independent (as defined by National Instrument 52-110 — Audit Committees (or any successor instrument) of the Canadian Securities Administrators (“NI 52-110”) except to the extent permitted by NI 52-110.
3. Each member of the Committee shall be “financially literate” as defined in NI 52-110. In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements, and at least one member shall have “accounting or related financial management expertise”, meaning 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 recognized by the Chartered Professional Accountants of Canada from time to time and applicable to publicly accountable enterprises (“GAAP”).
4. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

#### **D. MEETINGS OF THE COMMITTEE**

1. The Committee shall meet as often as it determines necessary, but not less frequently than quarterly at such times and places as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee or a senior officer of the Company.
2. Notice of each meeting of the Committee shall be given by the Chair to each member of the Committee and to the external auditors of the Company, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.
3. Notice of a meeting of the Committee shall:
  - (a) be in writing;
  - (b) state the nature of the business to be transacted at the meeting in reasonable detail, in the form of an agenda;
  - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and





- (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
4. A quorum for a meeting of the Committee shall consist of a simple majority of the members of the Committee. However, it shall be the practice of the Committee to require review, and, if necessary, approval of certain important matters by all members of the Committee. The presence in person or by telephone of a majority of the Committee's members constitutes a quorum for any meeting.
  5. The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee at which a majority of the members constituting a quorum are present is necessary for the adoption of any resolution.
  6. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
  7. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting. In addition, the Chair of the Committee shall choose one of the persons present to be the Secretary of the meeting.
  8. The Chairman of the Board, directors of the Company who are not members of the Committee, senior management of the Company and other parties invited by the Committee may attend meetings of the Committee on a non-voting basis; however the Committee (a) shall meet with the external auditors independent of management, as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (b) may meet separately with management. The Committee may request any officer or employee of the Company or the Company's legal counsel to attend all or parts of a Committee meeting, or to meet with any members of, or consultants to, the Committee.
  9. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting. A report in respect of each meeting of the Committee shall be provided to the Board.

## **E. DUTIES AND RESPONSIBILITIES**

### **1. Committee's Authority**

The Committee shall have the authority to:





- (a) inspect any and all of the books and records of the Company, its subsidiaries and affiliates;
- (b) discuss with the management of the Company, its subsidiaries and affiliates and senior staff of the Company, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;
- (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (d) set and pay the compensation for any advisors employed by the Committee.

## **2. Oversight in Respect of Risk Management**

The Committee shall:

- (a) identify and monitor the principal risks that could affect the financial reporting of the Company;
- (b) review and assess the adequacy of the Company's risk management policies, hedging policies, systems, controls and procedures with respect to the Company's principal business risks, and report regularly to the Board;
- (c) monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (d) deal directly with the external auditors to approve external audit plans, other services (if any) and the external auditors' fees;
- (e) directly oversee the external audit process and results (in addition to items described in Section 5 below);
- (f) review the amount and terms of any insurance to be obtained or maintained by the Company with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities; and
- (g) provide an avenue of communication among the external auditors, management and the Board.





### 3. Oversight in Respect of Internal Controls

The Committee shall:

- (a) monitor the quality and integrity of the Company's system of internal controls, disclosure controls and management information systems through discussions with management and the external auditors;
- (b) oversee the system of internal controls by: (i) consulting with the external auditors regarding the effectiveness of the Company's internal controls; (ii) monitoring policies and procedures for internal accounting, financial controls and management information, electronic data controls and computer security; (iii) obtaining from management adequate assurances that all statutory payments and withholdings have been made; and (iv) taking other actions as considered necessary;
- (c) review management's processes in place to prevent and detect fraud and illegality and oversee any investigations of alleged fraud and illegality relating to the Company's finances and any resulting actions;
- (d) be responsible for establishing, maintaining and reviewing on a periodic basis, procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (e) review and discuss with the Chief Executive Officer and Chief Financial Officer of the Company the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and/or quarterly filings with applicable securities regulatory authorities;
- (f) review disclosures made by the Chief Executive Officer and Chief Financial Officer to the Company during their certification process for annual and/or quarterly financial statements with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees of the Company who have a significant role in the Company's internal controls; and





- (g) review or satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted from the Company's financial statements and periodically assess the adequacy of those procedures.

#### **4. Oversight in Respect of the External Auditors**

The Committee shall:

- (a) receive confirmation from the external auditors as to their standing as a "participating audit firm" and their compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board as those concepts are set forth in National Instrument 52-108 – Auditor Oversight (or any successor instrument) of the Canadian Securities Administrators;
- (b) be directly responsible for overseeing the work of the external auditors (including the resolution of any disagreements between management and the external auditors regarding financial reporting), monitor the independence and performance of the external auditors, annually assess the quality of services provided by the external auditor and annually recommend to the Board the appointment and compensation of the external auditors or the discharge of the external auditors when circumstances are warranted;
- (c) consider the recommendations of management in respect of the appointment of the external auditors;
- (d) pre-approve all non-audit services to be provided to the Company by the external auditors, or the external auditors of the Company's subsidiaries;
- (e) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;
- (f) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditor and documentation required pursuant to National Instrument 51-102 — Continuous Disclosure Obligations (or any successor instrument) of the Canadian Securities Administrators and the planned steps for an orderly transition period;





- (g) as applicable, review any material issues raised by a quality control review of the external auditor and any issues raised by a government authority or professional authority investigation of the external auditor; and
- (h) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

## **5. Oversight in Respect of the Annual Audit, Financial Disclosure and Accounting Practices**

The Committee shall:

- (a) review the Company's audit plan with the external auditors and management;
- (b) discuss with management and the external auditors any proposed changes in major accounting policies, standards or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
- (c) review with management and the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
- (d) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (e) confirm through discussions with management and the external auditors that GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with;
- (f) review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Company's financial statements, and the disclosure of such in the financial statements;
- (g) meet with management and the external auditors to review, and to recommend to the Board for approval prior to public disclosure, the audited annual financial statements and unaudited quarterly financial statements, including reviewing the





report of the external auditors, the specific disclosures in the management's discussion and analysis, and the quarterly interim reports;

- (h) meet with management and the external auditors, as applicable, to review and discuss, and to recommend to the Board for approval prior to public disclosure:
  - (i) the annual information form;
  - (ii) the portions of the management proxy circular, for any annual or special meeting of shareholders, containing significant information within the Committee's mandate;
  - (iii) all audited and unaudited financial statements included in prospectuses or other offering documents;
  - (iv) all prospectuses and all documents which may be incorporated by reference in a prospectus, other than any pricing supplement issued pursuant to a shelf prospectus;
  - (v) any significant financial information respecting the Company contained in a material change report;
  - (vi) any unaudited interim financial statements, other than quarterly statements;
  - (vii) any audited financial statements, other than annual statements, required to be prepared regarding the Company or its subsidiaries or benefit plans if required to be made publicly available or filed with a regulatory agency;
  - (viii) each press release that contains significant financial information respecting the Company or contains estimates or information regarding the Company's future financial performance or prospects (such as annual and interim earnings press releases);
  - (ix) the type and presentation of information to be included in such press releases (in particular, the use of "pro forma" or "adjusted" non-GAAP information); and
  - (x) financial information and any earnings guidance proposed to be provided to analysts and rating agencies;







- (i) upon request and as applicable, review the external auditor's management comment letter and management's responses thereto and inquire as to any disagreements between management and external auditors; and
- (j) discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses.

## 6. Oversight in Respect of Other Items

The Committee shall:

- (a) review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process;
- (b) enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Committee by any member of the Board, a shareholder of the Company, the external auditors or management;
- (c) periodically review with management the responsibilities, performance and effectiveness of the internal audit function of the Company;
- (d) review the Company's accounting and reporting of environmental costs, liabilities and contingencies;
- (e) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors;
- (f) be responsible for meeting separately, on a periodic basis, with the internal auditors (or other personnel responsible for the internal audit function);
- (g) review legal and regulatory matters, including correspondence with, and reports received from, regulators and government agencies, that may have a material impact on the Company's financial statements, financial reporting and related corporate compliance and programs;
- (h) review the portions of the sustainability report containing significant information within the Committee's mandate;





- (i) review with management at least annually the material tax planning initiatives of the Company; and
- (j) conduct other investigations or assignments as assigned by the Board or deemed necessary by the Committee to fulfill its mandate.

## **7. Approval of Audit and Permitted Non-Audit Services Provided by the External Auditors**

- (a) Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Committee pre-approvals of proposed audit and permitted non-audit services as they arise.
- (b) Any proposed audit and permitted non-audit services to be provided by the external auditors to the Company or its subsidiaries must receive prior approval from the Committee. The Chief Financial Officer of the Company shall act as the primary contact to receive and assess any proposed engagements from the external auditors.
- (c) The Committee is also authorized to approve non-audit services that may be provided by a party that is not the external auditors. Examples may be a quarterly review or consulting advice relating to the quarterly financial statements (which the Committee may approve without committing the Company to have a quarterly review of the financial statements on an ongoing basis), tax advice and tax consulting services, or any other consulting services that the Committee determines that it will obtain from any party that is not the external auditors.
- (d) Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Committee for review and confirmation that a proposed engagement is permitted.
- (e) In the majority of such instances, proposals may be received and considered by the Chair (or such other member of the Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Committee. The Chair will then inform the Committee of any approvals granted at the next scheduled meeting.

## **8. Limitations on Oversight Function**

Notwithstanding the foregoing oversight responsibilities of the Board:





- (a) management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function, internal controls over financial reporting and disclosure controls and procedures;
- (b) the external auditors are responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with GAAP, and reviewing the Company's quarterly financial statements;
- (c) it is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate or that they were prepared in accordance with GAAP or any other applicable laws, rules and regulations;
- (d) each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and the integrity of the professionals and experts (including the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services), if any, and the Company's external auditors) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts; and
- (e) auditing literature discusses the objectives of a "review", including a particular set of required procedures to be undertaken by external auditors. The members of the Committee are not independent auditors, and the term "review" as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

