IPL PLASTICS INC.

MANDATE OF THE AUDIT COMMITTEE

INTRODUCTION

The purpose of this mandate is to describe the principal duties and responsibilities of the audit committee (the "Committee") of the board of directors (the "Board") of IPL Plastics Inc. (the "Company"), as well as some of the policies and procedures that apply to the Committee in discharging its duties and responsibilities.

MEMBERSHIP

1. The Committee will be composed of three or more members of the Board.

2. Members of the Committee and the chairman of the Committee (the "Committee Chairman") shall be appointed by the Board, on the recommendation of the Corporate Governance and Nominating Committee.

3. Each member of the Committee shall (except to the extent permitted by National Instrument 52-110 – Audit Committees, as it may be amended from time to time ("NI 52-110")) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

4. All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (as defined by NI 52-110).

5. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chairman of the Board or any other directors of the Company, the chief executive officer or chief financial officer of the Company, the Head of Risk or any representatives from the finance function or business units or functional heads, may be invited to attend all or part of any meeting as and when appropriate and necessary. The Committee will meet in camera without members of management in attendance for a portion of each meeting of the Committee.

6. The external auditor may be invited to attend meetings of the Committee on a regular basis.

7. The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman at a given meeting, the remaining members of the Committee present at the meeting shall elect one of themselves to chair the meeting.

8. If a regular member of the Committee is unable or unwilling to act due to absence, illness or any other cause, the Committee Chairman may, after consultation with the chairman of the Board, appoint another independent director of the Company to serve as an alternate member. Such alternate member shall meet the requirements of this mandate and applicable laws.

9. The Board may remove a member of the Committee at any time and may fill any vacancy occurring on the Committee. A member of the Committee may resign at any time and a member will automatically cease to be a member upon ceasing to be a director of the Company.
SECRETARY

The secretary of the Company or his or her nominee shall act as the secretary of the Committee (the "Secretary of the Committee").

QUORUM

A majority of members will constitute a quorum for a meeting of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. Each member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. Powers of the Committee may also be exercised by written resolutions signed by all members.

FREQUENCY OF MEETINGS

The Committee shall meet not less than once in each quarter, and at appropriate times in the reporting and audit cycle or otherwise as required.

NOTICE OF MEETINGS

1. Meetings of the Committee shall be called by the Committee Chairman at the request of any of its members, the chief executive officer or chief financial officer of the Company or at the request of the external or internal auditors of the Company if they consider it necessary, which request shall set out in reasonable details the business proposed to be conducted at the meeting so requested.

2. Unless otherwise agreed, notice of each meeting confirming its venue, time and date, together with an agenda of items to be discussed at such meeting, shall be forwarded to each member of the Committee and any other person required to attend reasonably in advance of the meeting, together with supporting documents (if any). The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

3. The Committee may meet by telephone conference call or by any other means permitted by law or the Company's bylaws.

MINUTES OF MEETINGS

1. The Secretary of the Committee, or any other person acting in such capacity, and appointed by the Committee, shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

2. The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

3. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

ANNUAL SHAREHOLDERS MEETING

The Committee Chairman should attend the annual shareholders meeting of the Company to answer shareholder questions on the activities and responsibilities of the Committee.
DUTIES

The Committee should carry out the following duties:

1. **Financial Reporting**

   The Committee shall monitor the integrity of, review and recommend to the Board for approval the Company's audited financial statements (including the auditors' report thereon) and quarterly financing statements, in each case including annual and interim reports, preliminary results' announcements and any other formal announcement relating to the Company's financial performance (including management discussion and analysis and press releases) prior to the public disclosure of such information (with such documents to indicate whether such information has been reviewed by the Board), and review any significant financial reporting issues and judgments which they contain. The Committee shall also review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information.

   In particular, the Committee shall review and challenge where necessary:

   1.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company and its subsidiaries and, with the Company's management and external auditor, any foreseeable repercussions of any new audit or accounting standard or new securities rules;

   1.2 with the Company's management and external auditor, the methods used to account for significant financial reporting estimates and judgments (including the basis for the going concern assumption), alternative accounting treatments and assumptions made by management where different approaches are possible;

   1.3 the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;

   1.4 the clarity and completeness of the Company's public disclosure of financial information and the context in which statements are made; and

   1.5 at least annually, the dividends policy and all payments of dividends, if any.

2. **Internal Controls and Risk Management Systems**

   The Committee shall:

   2.1 review the adequacy and effectiveness of the Company's financial and non-financial internal controls and risk management systems;

   2.2 satisfy itself that management has established adequate procedures for the review of the Company's disclosure of financial information extracted or derived directly from the Company's financial statements;

   2.3 review and evaluate whether management is implementing recommendations on a timely basis;

   2.4 receive reports from management on the adequacy and effectiveness of the systems they have established and the conclusions of any testing carried out by internal and external auditors;
2.5 consider and make recommendations to the Board on the nature and extent of the significant risks the company is willing to take in achieving its' strategic objectives;

2.6 review and approve the statements to be included in the public disclosure of the Company concerning internal controls and risk management and ensure that such statements contain all required information of the Committee; and

2.7 review communication with the applicable Canadian security commission(s) or any other regulatory authority concerning the Company's financial statements and the continuous disclosure documents.

3. **Compliance, Whistleblowing and Fraud**

   The Committee shall:

   3.1 review the adequacy of the Company's arrangements for its employees to raise concerns on an anonymous basis about possible wrongdoing in financial reporting or other questionable matters and periodically reviewing the methods by which "whistleblowing" can take place;

   3.2 review the Company's procedures for (i) fraud prevention and detection, (ii) assessing the risk of material misstatement of the financial statements and (iii) detecting control weakness;

   3.3 review the Company's procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or questionable matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

   3.4 review and approve the Company's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditor of the Company.

4. **Internal Audit**

   The Committee shall:

   4.1 review the process relative to the periodic certifications by the chief executive officer and chief financial officer of the Company in respect of financial disclosures, the existence of any significant deficiencies in the design or operation of internal controls which could adversely affect the ability to record, process, summarize and report financial data and any significant changes in internal controls or changes to the environment in which the internal controls operate, including corrections of material deficiencies and weaknesses;

   4.2 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;

   4.3 approve the appointment and removal of the Head of the Internal Audit Function;

   4.4 consider and approve the remit of the Internal Audit Function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;

   4.5 review and assess the annual internal audit plan;
4.6 review periodic reports addressed to the Committee from the internal auditor regarding internal audit findings, including with respect to the Company's internal controls and the Company's progress in remedying any material control deficiencies; and

4.7 meet the Head of the Internal Audit Function periodically and as required, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

5. **External Audit**

The Committee shall:

5.1 consider and make recommendations to the Board, to be put to shareholders for approval at the annual shareholders meeting of the Company, in relation to the appointment, re-appointment and/or removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor (as applicable) and if the Company's external auditor resigns, the Committee shall investigate the issues leading to such resignation and decide whether any action is required;

5.2 oversee the relationship with and work of the external auditor including (but not limited to):

- establishing and maintaining a direct line of communication with the Company's external auditor, and ensuring the external auditor reports directly to the Committee on a regular basis;

- making recommendations on the external auditor's remuneration, whether fees for audit or non-audit services and whether the level of fees is appropriate to enable an adequate audit to be conducted;

- pre-approving all engagements for permitted non-audit services provided by the shareholders' auditor to the Company and any consolidated subsidiary;

- approving the terms of the external auditor's engagement, including any engagement letter issued at the start of each audit and the fees, scope and timing of the audit;

- assessing annually the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the Company's relationship with the external auditor as a whole, including the provision of any non-audit services by, among other things, reviewing a written report from the external auditor in respect of its independence and consideration of applicable auditor independence standards; and, at least once every five years, conducting a comprehensive review of the external auditor;

- monitoring the external auditor's compliance with relevant ethical and professional guidance;

- assessing annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on its own internal quality procedures; and

- seeking to ensure coordination with the activities of the internal audit function;

5.3 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external
auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;

5.4 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

5.5 review the findings of the audit with the external auditor; and

5.6 develop, implement, update and monitor compliance with a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

6. **Risk**

The Committee shall:

6.1 oversee and advise the Board on the current risk exposures of the Company and future risk strategy;

6.2 keep under review the Company's overall risk assessment processes and methodology that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;

6.3 review regularly and approve the parameters used in these measures and the methodology adopted; and

6.4 approval of the overall levels of insurance for the Company and its subsidiaries, including directors’ & officers' liability insurance and indemnification of directors.

7. **Reporting Responsibilities**

7.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

8. **Other Matters**

The Committee shall:

8.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance, as required;

8.2 be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;

8.3 oversee any investigation of activities which are within the scope of its mandate;

8.4 review the major findings of any internal investigations / regulatory examinations and responses and consider the implications of such for internal procedures / controls within the Company;
8.5 arrange for periodic reviews of its own performance and review its constitution and its mandate to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for consideration and approval; and

8.6 perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable regulatory authorities or legislation.

9. Authority

The Committee is authorized:

9.1 to seek any information it requires from any officer or employee of the Company in order to perform its duties;

9.2 to obtain, at the Company's expense, independent outside legal or other professional advice on any matter within its terms of reference and such adviser may attend meetings of the Committee as required;

9.3 to call any employee to be questioned at a meeting of the Committee as and when required; and

9.4 to have the right to publish in the Company's public disclosure details of any issues that cannot be resolved between the Committee and the Board.

LIMITATIONS ON COMMITTEE'S DUTIES

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or the members of the Committee. Even though the Committee has a specific mandate, it does not have the obligation to act as auditors or to perform audits, or to determine that the Company's financial statements are complete and accurate.

Member of the Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Company by the external auditor. The Committee's oversight responsibilities are not established to provide an independent basis to determine that (i) management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, or (ii) the Company's financial statements have been prepared in accordance with generally accepted accounting principles and, if applicable, audited in accordance with generally accepted accounting standards.

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