

AUDIT COMMITTEE MANDATE

1. Overall Purpose / Objective

The Audit Committee is appointed by the Board of Directors of Parkland Industries Ltd. (the "Corporation") to assist the Board in discharging its oversight responsibilities. The Audit Committee will oversee the financial reporting process with a goal of ensuring the balance, transparency and integrity of published financial information of the Corporation and of Parkland Income Fund (the "Fund"). The Audit Committee will also review: the effectiveness of the Corporation's and the Fund's internal financial control and risk management system; the effectiveness of the internal audit function; the independent audit process including recommending the appointment and assessing the performance of the external auditor of the Corporation and the Fund; the Corporation and the Fund's process for monitoring compliance with laws and regulations affecting financial reporting.

The Corporation and the Fund will comply with the policies and procedures overseen or reviewed by the Audit Committee and use their best efforts to ensure that these policies and procedures are implemented.

In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, management and the external and internal auditors. To perform his or her role effectively, each Audit Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Audit Committee's responsibilities and of the company's business operations and risks.

The members of the Audit Committee will be financially literate and independent as defined by Multilateral Instrument 52-110.

Although the Audit Committee has the powers and responsibilities set forth in this Mandate, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity nor are they experts in performing other tasks they are called on to perform by this Mandate. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP") and applicable rules and regulations. These are the responsibilities of management and the external auditor.

2. Authority

The Board authorizes the Audit Committee, within the scope of its responsibilities, to:

- (a) Perform activities within the scope of this Mandate;
- (b) Engage and compensate independent counsel and other advisers as it deems necessary to carry out its duties;
- (c) Ensure the attendance of Corporate Officers at meetings as appropriate;
- (d) Request and gain access to members of management, employees and relevant information to perform this Mandate;
- (e) Establish procedures for dealing with the confidential, anonymous submissions by employees of the Company regarding accounting, internal control or auditing matters;
- (f) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters;

- (g) Approve the appointment, compensation, retention and annual scope of work of the external auditor;
- (h) Approve all engagement fees and terms as well as reviewing policies for the provision of audit and non-audit services by the external auditors and the pre-approval of such non-audit work as required by Multilateral Instrument 52-110; and
- (i) Communicate directly with the internal and external auditors.

3. Organization

Membership

- (a) The Board of Directors will appoint the Audit Committee members and the Chair of the Audit Committee.
- (b) The Audit Committee will comprise at least three members and all members will be independent within the meaning set forth in Multilateral Instrument 52-110 Audit Committees as amended from time to time, non-executive Directors of the Corporation.
- (c) A quorum for any meeting of the Audit Committee will be two members.
- (d) Each member should have skills and experience appropriate to the Corporation's business.
- (e) Each member will be financially literate as defined by Multilateral Instrument 52-110.
- (f) Members will be appointed for a one year term of office.
- (g) Each member of the Audit Committee shall be financially literate within the meaning set forth under MI 52-110.
- (h) A member of the Audit Committee shall *ipso facto* cease to be a member of the Audit Committee upon ceasing to be a director of the Company.

Meetings

- (a) Only Audit Committee members are entitled to attend meetings. The Audit Committee may invite such other persons to its meetings as it deems necessary.
- (b) The external auditors will be invited to make presentations to the Audit Committee as appropriate.
- (c) Meetings will be held not less than four times a year and should correspond with the Corporation's financial reporting cycle.
- (d) Other meetings may be convened as required by the Audit Committee or the external auditors.
- (e) The secretary of the Audit Committee will circulate the agenda and supporting documentation to the Audit Committee members at a reasonable period in advance of each meeting.
- (f) The secretary of the Audit Committee will circulate the minutes of meetings to members of the Board, members of the Audit Committee, and where appropriate to the external auditors.
- (g) At least one member of the Audit Committee will attend the Board meeting at which the financial statements are approved.

- (h) Members of the Audit Committee should make every attempt to be available for every meeting of the Audit Committee in person or by conference call.
- (i) The Audit Committee may call a meeting with outside legal counsel if it is deemed necessary.
- (j) The Audit Committee will meet with the external auditor without management present at each meeting of the Audit Committee that the external auditor attends. Even if this meeting is only to determine that there are no issues that need to be discussed without management.
- (k) The Audit Committee shall meet with the external auditors at least quarterly and otherwise as it deems appropriate to consider any matter that the Audit Committee or the external auditors determine should be brought to the attention of the Board or shareholders.

4. Roles and Responsibilities

The Audit Committee will:

Internal control

- (a) Have oversight responsibility for management reporting on internal controls;
- (b) Review with the external auditors of the Company the adequacy of internal control procedures and management information systems and make inquiries to management of the Company and the external auditors of the Company about significant risks and exposures to the Company that may have a material adverse impact on the Company's financial statements and about the efforts of the management of the Company to mitigate such risks and exposures;
- (c) Review recommendations made by the external auditors; and
- (d) Monitor policies and procedures relating to directors' and officers' expenses and the reimbursement thereof and relating to any perquisites paid to directors and officers.

Financial Reporting

- (a) Gain an understanding of the current areas of greatest financial and internal control risk and of how these are being managed;
- (b) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports;
- (c) Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements MD & A, and relevant news releases or announcements and any other financial information related to the company to be provided to shareholders prior to their release;
- (d) Recommend for approval to the Board the Company's audited annual and interim financial statements, related management's discussion and analysis and earnings news releases;
- (e) Meet with management and the external auditors to review the financial statements and the key accounting policies and judgments;
- (f) Review with the external auditors of the Company and/or management of the Company the results of the annual audit, and make appropriate recommendations to the Board having regard to, among other things:

- (i) the financial statements;
 - (ii) management's discussion and analysis and related financial disclosure contained in continuous disclosure documents;
 - (iii) significant changes, if any, to the initial audit plan;
 - (iv) accounting and reporting decisions relating to significant current year events and transactions;
 - (v) the management letter, if any, outlining the external auditors' findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
 - (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Committee under generally accepted auditing standards.
- (g) Review significant adjustments, material unadjusted differences, significant disagreements with management and critical accounting policies and practices and the Corporation's responses to these queries; and
- (h) Ensure its compliance with all of the applicable requirements of MI 52-110 and for reporting any non-compliance with such requirements to the Board, including the reasons for such non-compliance.

Annual Operating and Capital Budgets

- (a) Review the annual operating and capital budgets and recommend approval to the Board.

Compliance with Laws and Regulations

- (a) Review the effectiveness of the system for monitoring compliance with laws and regulations;
- (b) Obtain regular updates from management regarding compliance matters that may have a material impact on the Corporation's financial statements or compliance policies;
- (c) Review the reports of management on regulatory compliance matters related to the business of the Corporation in the preparation of the financial statements; and
- (d) Review the findings of material reports by regulatory agencies.

Working with Auditors

- (a) Advise the external auditors of their accountability to the Audit Committee and the Board as representatives of the shareholders of the Company to whom the external auditors are ultimately accountable. The external auditors of the Company shall report directly to the Audit Committee.;
- (b) Review the professional qualification of the auditors, including background and experience of partner and auditing personnel;
- (c) Ensure compliance by the Company's external auditors with the requirements set forth in National Instrument 52-108 *Auditor Oversight*;
- (d) Ensure that the Company's external auditors are participants in good standing with the Canadian Public Accountability Board ("CPAB") and participate in the oversight programs established by

the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to the Company's annual audited financial statements;

- (e) Obtain from the external auditors of the Company a formal written statement describing in detail all of the relationships between the external auditors and the Company, determine whether the non-audit services performed by the external auditors during the year have impacted their independence, ensure that no relationship between the external auditors and the Company exists which may affect the independence of the external auditors and take appropriate action to ensure the independence of the external auditors;
- (f) Review on an annual basis the performance of the external auditors and make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditors;
- (g) Review all correspondence and memoranda relating to all audit and non-audit engagements provided by external auditors in relation to the Corporation's present circumstances and changes in regulatory and other requirements;
- (h) Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information;
- (i) Ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and appropriately acted on;
- (j) Discuss with the external auditor the appropriateness of the accounting policies applied in the Corporation's financial reports and/or any significant changes to the Corporation's accounting policies, principles or practices;
- (k) Meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately. Ensure the auditors have access to the Chair of the Audit Committee when required;
- (l) Review policies for the provision of non-audit services by the external auditors and, if required, the pre-approval of such non-audit work;
- (m) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (n) Review management's proposed internal control plan for the coming year and ensure that there is appropriate co-ordination with the external auditor; and
- (o) Perform all other functions required of Audit Committees by applicable regulatory authorities in connection with the termination or resignation of an auditor;

Internal Audit

- (a) Review and approve annual work plan of Parkland's Internal Auditor.**
- (b) Receive quarterly reports of Internal Audit activities and findings.**
- (c) Meet separately with the internal auditor to discuss any matters that the Audit Committee or auditor believe should be discussed privately. Ensure the internal auditor has access to the Chair of the Audit Committee when required;**

Reporting Responsibilities

- (a) Regularly update the Board about Audit Committee activities and make appropriate recommendations;
 - (b) Ensure the Board is aware of matters brought to the attention of the Audit Committee that may significantly impact on the financial condition or affairs of the Corporation;
 - (c) Prepare any reports required by regulations on the Audit Committee's Mandate and activities to be included in the section on Corporate Governance in the Annual Report; and
 - (d) Review the disclosure contained in the Company's annual information form as required by Form 52-110F1 *Audit Committee Information Required in an AIF* attached to MI 52-110. If management of the Company solicits proxies from shareholders of the Company for the purpose of recommending persons to be elected as directors of the Company, the Audit Committee shall be responsible for ensuring that the Company's information circular includes a cross-reference to the sections in the Company's annual information form that contain the information required by Form 52-110F1. Certification of Annual Filings and Interim Filing
- (a) Ensure the preparation and filing of each annual certificate in Form 52-109F1 and each interim certificate in Form 52-109F2 to be signed by each of the Chief Executive Officer and Chief Financial Officer of the Company in accordance with the requirements set forth under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as amended from time to time;
 - (b) Ensure that management of the Company establishes and maintains disclosure controls and procedures for the Company that are designed to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to management of the Company by others within those entities, particularly during the period in which the annual filings or interim filings are being prepared and that management of the Company establishes and maintains internal control over financial reporting for the Company that has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles. In respect of annual filings only, the Audit Committee is also responsible for ensuring that management of the Company evaluates the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by the annual filings and has caused the Company to disclose in the annual management's discussion and analysis its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under MI 52-109 -; and
 - (c) Monitor any changes in the Company's internal control over financial reporting and for ensuring that any change that occurred during the Company's most recent interim period that has materially

affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting is disclosed in the Company's annual management's discussion and analysis. -

Evaluating Performance

- (a) Evaluate the Audit Committee's own performance, both of individual members and collectively, on an annual basis; and
- (b) Assess the achievements of the duties of the Audit Committee specified in the Mandate and report the findings to the Board.

5. Review of the Audit Committee Mandate

The Compensation and Corporate Governance Committee, with input by all Board members and management, will review these terms of reference at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or other amendments are required.