

**TRICAN WELL SERVICE LTD.  
AUDIT COMMITTEE**

**MANDATE AND TERMS OF REFERENCE**

**Role and Objectives**

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Trican Well Service Ltd. (the "Corporation") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for board of director approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the Corporation's financial statements and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditors' independence;
4. To increase the credibility and objectivity of financial reports;
5. To monitor the performance and ensure the effectiveness of the Corporation's internal audit function;  
and
6. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

**Membership of the Committee**

1. The Committee shall be comprised of three members or such greater number as the Board may from time to time determine, all of whom shall be independent (in accordance with the definition of "independent" set out in Multilateral Instrument 52-110 – Audit Committees).
2. The Board shall designate one of the members of the Committee, who shall be unrelated, to be the Chair of the Committee.
3. All of the members of the Committee shall be "financially literate" (in accordance with the definition of "financial literacy" set out in MI 52-110.)
4. The Secretary to the Board shall act as Secretary to the Committee.

## **Mandate and Responsibilities of the Committee**

1. In addition to any other duties and authorities delegated to it by the Board from time to time, the Committee will have the authority and responsibility for:
  - (a) overseeing the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;
  - (b) satisfying itself on behalf of the Board that the Corporation's internal control systems are satisfactory for the purpose of:
    - i. identifying, monitoring and mitigating business risks; and
    - ii. ensuring compliance with legal, ethical and regulatory requirements.
  - (c) reviewing the Corporation's annual financial statements prior to their submission to the Board for approval, including without limitation the following:
    - i. reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
    - ii. reviewing significant accruals or other estimates;
    - iii. reviewing accounting treatment of unusual or non-recurring transactions;
    - iv. ascertaining compliance with covenants under loan agreements;
    - v. reviewing disclosure requirements for commitments and contingencies;
    - vi. reviewing adjustments proposed by the external auditors, whether or not included in the financial statements;
    - vii. reviewing unresolved differences between management and the external auditors; and
    - viii. obtaining explanations of significant variances with comparative reporting periods and budgets/forecasts.
  - (d) reviewing, and making a recommendation to the Board with respect to their approval of, the financial statements, prospectuses, management discussion and analysis ("MD&A"), annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information before release and prior to board approval;
  - (e) satisfying itself that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and periodically assessing the accuracy of those procedures;
  - (f) with respect to the appointment of external auditors by the Board:
    - i. recommending to the Board the appointment of the external auditors;

- ii. recommending to the Board the terms of engagement of the external auditors, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
  - iii. reviewing annually with the external auditors their plan for their audit;
  - iv. reviewing and approving any non-audit services to be provided by the external auditors' firm and considering the impact on the independence of the auditors; and
  - v. when there is to be a change in auditors, reviewing the issues related to the change and the information to be included in the required notice to securities regulators of such change.
- (g) Reviewing with external auditors and the internal auditor their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement and management's response and follow-up to any identified weaknesses;
- (h) Upon the external auditors' completion of the audit, reviewing the external auditors' reports upon the financial statements of the Corporation and its subsidiaries;
- (i) With respect to the internal audit function:
- i. reviewing the performance and independence of the internal audit function and whether internal audit has had full access to the Corporation's books, records and personnel;
  - ii. ensuring that the senior internal audit executive has access to the chair of the Committee, the Chief Executive Officer and the Chief Financial Officer;
  - iii. reviewing with input from the Chief Financial Officer, and approving, the proposed annual internal audit plan including assessment of major risks, areas of focus, responsibilities and objectives and staffing;
  - iv. approve all elements of compensation for the senior internal audit executive;
  - v. receiving periodic reports from internal audit addressing: (1) progress on the annual internal audit plan, including any significant changes to it; (2) significant internal audit findings, including issues as to the adequacy of internal control over financial reporting and any procedures implemented in light of significant control deficiencies; and (3) any significant internal fraud issues;
  - vi. reviewing the mandate, budget plan, changes in the scope of the internal audit plan, activities, organizational structure and qualifications of the internal audit department, as needed;
  - vii. reviewing the appointment, performance, replacement or dismissal of the senior internal audit executive;
  - viii. reviewing significant reports prepared by the internal audit department together with management's response and follow-up to these reports; and

- ix. reporting to the Board on any significant issues relating to the internal audit function.
- (j) reviewing the Corporation's risk management policies and procedures (e.g. regarding litigation and insurance);
- (k) establishing a procedure for the handling of whistleblower complaints which procedure shall include provisions for:
  - i. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - ii. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (l) reviewing and approving the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation;
- (m) investigating any financial activity of the Corporation (with which investigations all employees of the Corporation shall cooperate as requested by the Committee); and
- (n) retaining, as it determines appropriate, persons having special expertise and/or obtaining independent professional advice to assist in filling their responsibilities at the expense of the Corporation and without any further approval of the Board.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for the purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year and at such other times as the Chair of the Committee may determine.
5. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
6. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and to assist in the discussion and consideration of the matters being considered by the Committee. However, the Committee shall ensure that its members meet regularly, and in no case less frequently than quarterly, on an *in camera* basis without the participation of non-independent directors, management, internal auditors or external auditors.

7. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board. Minutes of the Committee will be recorded and maintained by the Secretary to the Committee, and shall be circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
8. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
9. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated by the Committee Chair to the Chairman of the Board or to the Lead Director, as appropriate.
10. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
11. The Committee shall meet in separate, non-management, closed sessions with the senior internal audit executive at each regularly scheduled meeting.