

AUDIT COMMITTEE

TERMS OF REFERENCE

Establishment of Committee and Procedures

1. Committee

A committee of the Directors to be known as the “Audit Committee” or “Committee” is hereby established. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of reviewing or attesting services, including the resolution of disagreements between Management and the external auditor regarding financial reporting. The Committee shall monitor the integrity of the financial statements of the Partnership, the compliance by the Partnership with legal and regulatory requirements and the independence and performance of the Partnership’s internal audit function and the external auditor.

2. Composition of Committee

The Committee shall consist of a minimum of three Independent Directors, each of whom shall be financially literate.

3. Definition of Financial Literacy

The Committee and the Partnership’s Board of Directors have determined that for the purposes of the Committee’s mandate the following definition applies:

“Financially literate” means 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 of the issues that can reasonably be expected to be raised in the Partnership’s financial statements.

4. Appointment of Committee Members

The members of the Committee shall be appointed by the Board with due consideration of the recommendation of the Governance Committee and shall remain members until replaced or until they cease to be Directors of the Partnership.

5. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it shall be filled by the Board with due consideration of the recommendation of the Governance Committee.

6. **Committee Chair**

The Chair of the Committee's prime responsibility is seeking to ensure the effective operation of the Audit Committee by managing Audit Committee meetings, leading the Audit Committee's strategic oversight of the Partnership's financial controls and related risks and providing leadership and advice respecting the General Partner's audit function generally. The Committee Chair's duties and obligations also include:

- a) assisting the Board in seeking to ensure that the limited partners and financial markets receive accurate, relevant and timely information respecting the Partnership and its financial results;
- b) working with the Chief Financial Officer and the Corporate Secretary to set Committee meeting schedules, establishing agenda that address areas within the Committee's responsibility and seeking to ensure that Committee information packages and presentations are focused and of appropriate length, content and context to support sound decisions;
- c) encouraging full participation by Directors in, and constructive debate of issues at, Committee meetings, creating an open atmosphere for Directors to ask questions or dissent freely;
- d) seeking to ensure that information management processes support the early identification of financial and related risks and overseeing the management and /or mitigation thereof;
- e) communicating with, and providing guidance (as appropriate) to, the Chief Financial Officer between meetings;
- f) reviewing annually the Committee members' commitments to their functions on the Committee seeking to ensure compliance with the applicable regulations and for disclosure, as necessary; and
- g) meeting as appropriate with the Chief Financial Officer or Controller, the internal auditor and the external auditor in separate executive sessions.

7. **Absence of Committee Chair**

If the Chair of the Committee is not present at any meeting of the Committee, the Vice Chair shall preside at the meeting.

8. **Secretary of Committee**

The Corporate Secretary of the Partnership shall be the Secretary of the Committee.

9. Meetings

The Chair, any two members of the Committee, the internal auditor, or the external auditor may call a meeting of the Committee. The Committee shall meet at least four times per year.

10. Quorum

Two members of the Committee, present in person or by telephone or other electronic communication device that permit all persons participating in the meeting to speak to each other, shall constitute a quorum.

11. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing or by facsimile or other electronic communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is deemed a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

12. Attendance of Partnership Officers at Meeting

At the invitation of the Chair of the Committee, Management may attend any meeting of the Committee.

13. Procedure, Records and Reporting

The Committee shall fix its own procedure at, and keep records of, its meetings and report to the Board when the Committee may deem appropriate.

14. Review of Mandate and Performance Assessment

The Committee shall review its mandate annually or otherwise, as it deems appropriate, and propose recommended changes to the Governance Committee and the Board. The Committee shall also conduct a periodic self-evaluation of the performance of the Committee of its responsibilities in accordance with these Terms of Reference. The Committee shall report the results of its evaluation to the Governance Committee and such report may be an oral report by the Committee Chairman.

15. Experts

The Committee Chair, on behalf of the Committee, is authorized when deemed necessary or desirable to retain independent counsel and other advisors, at the Partnership's expense, to advise the Committee independently on any matter necessary to carry out its duties. Individual members of the Committee may retain independent counsel and other advisors to advise them, on request to and with the authorization of the Chair. The Committee has authority to set and pay the compensation for any counsel or advisors it retains or employs.

Specific Mandates

16. Appointment of the Partnership's External Auditor

The Committee shall recommend to the Board for nomination, the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Partnership, such nomination on approval of the Board shall be confirmed by the General Partner's sole shareholder. The Committee shall also recommend to the Board for approval, the compensation to be paid to the external auditor for audit services and, except as may be otherwise provided herein, shall approve the retention of the external auditor for all non-auditor services and the fees for such services. The Committee is responsible for overseeing the work of the external auditor and shall also receive periodic reports from the external auditor regarding the external auditor's independence, discuss such reports with the external auditor, consider whether provision of non-audit services is compatible with maintaining the auditor's independence, and if so determined by the Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the external auditor.

All non-audit services to be provided by the external auditor for the Partnership or its subsidiaries shall require pre-approval of the Committee. The Committee may delegate the pre-approval function for non-audit services to one or more members of the Committee. Any exercise of the delegated pre-approval function shall be reported to the Committee at the Committee meeting next following the pre-approval.

The Committee shall evaluate the performance of the external auditor and determine whether there is an appropriate policy in place relative to the rotation of the lead audit partner. The Committee shall recommend to the Board any replacement of the external auditor.

17. Oversight in Respect of Financial Disclosure

The Committee shall to the extent it deems necessary or appropriate:

- (a) review, discuss with Management and recommend to the Board for approval, the Partnership's audited annual financial statements including the accompanying management's discussion and analysis and news release, its annual report, annual information form, all financial statements and related financial information contained in prospectuses, and information circulars and other offering memoranda, financial statements required by regulatory authorities, and all other documents which may be incorporated by reference into a prospectus or other disclosure document;
- (b) review, discuss with Management and the external auditor and approve the Partnership's interim financial statements and accompanying management's discussion and analysis, news releases and reports to unitholders on quarterly financial results or other interim periods;
- (c) review with Management and the external auditor any major issues regarding accounting and auditing principles and practices including any significant changes in the Partnership's selection or application of accounting principles as well as the adequacy of the Partnership's internal controls and any special audit

steps taken or adopted in light of material control deficiencies that could significantly affect the Partnership's financial statements;

- (d) review with Management and the external auditor all significant financial reporting issues and judgments made in connection with the preparation of the Partnership's financial statements;
- (e) review with Management and the external auditor the effect of regulatory and accounting initiatives as well as any off-balance sheet or special purpose vehicle structures on the Partnership's financial statements;
- (f) review Management's, the external auditor's and the internal auditor's plans regarding any significant changes in accounting practices or policies and the financial impact thereof;
- (g) review with Management, the external auditor and if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Partnership, and the manner in which these matters have been disclosed in the financial statements;
- (h) review and discuss with the external auditor the results of their interim review or audit reports relative to:
 - (i) findings set out therein,
 - (ii) the appropriateness of accounting policies and practices being used and proposed to be used,
 - (iii) all alternative treatments of financial information within Canadian generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor,
 - (iv) other material written communications between the external auditor and Management, such as any management letter or schedule of unadjusted differences, and
 - (v) review the report of the Partnership's Disclosure Committee in respect to its review of interim and annual financial statements including the accompanying management's discussion and analysis carried out as part of the President's and Chief Financial Officer's certification process of the quarterly and annual financial statements; and
- (i) review and consider the annual and interim certificates provided by the President and the Chief Financial Officer pursuant to Multilateral Instrument 52-109 issued by the Canadian Securities Administrator or its successor instrument along with reports from Management or the external auditors regarding the design and effectiveness of the Partnership's disclosure controls and internal controls over financial reporting.

18. Oversight in Respect to Certain Policies

The Committee shall to the extent it deems necessary or appropriate:

- (a) review and recommend to the Board for approval policy changes and program initiatives deemed advisable by Management or the Committee with respect to the implementation of the Partnership's Compliance and Ethics Policy;
- (b) obtain reports from the Manager and the senior internal auditing executive and the external auditor and report to the Board on the status and adequacy of the Partnership's efforts in seeking to ensure its businesses are conducted and its facilities are operated in an ethical, legally compliant and socially responsible manner, in accordance with the Partnership's Compliance and Ethics Policy;
- (c) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Partnership or Manager regarding accounting, internal accounting controls, or auditing matters, and
 - (ii) the confidential, anonymous submission by employees of the Partnership or Manager of concerns regarding potentially questionable accounting or auditing matters; and
- (d) review the policy of the Partnership's Manager with respect to the hiring of partners, employees and former partners and employees of the external auditors.

19. Oversight in Respect of Business Risks and Risk Management

The Committee shall to the extent it deems necessary or appropriate:

- (a) review with Management and report to the Board, on an annual basis, the Partnership's obligations pursuant to warranties of performance and guarantees securing the performance or payment by wholly-owned subsidiaries of any indebtedness, liability or obligation, and material contractual obligations of the Partnership;
- (b) review with Management and report to the Board on the Partnership's risk management policies and procedures, including those relating to any financial risks, and receive annual reports on insurance exposure;
- (c) review and approve exposure limits for any counterparties; and/or
- (d) receive and review Management's assessment of and report to the Board on any identified business risks which could have an impact on the Partnership's financial condition.

20. Oversight in Respect of Legal and Regulatory Matters

The Committee shall to the extent it deems necessary or appropriate review with the Partnership's counsel any legal matters that may have a material impact on the financial

statements, the Partnership's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

21. Oversight in Respect of Internal Audit

The Committee shall to the extent it deems necessary or appropriate:

- (a) review the audit plans of the Manager's internal auditor for the Partnership including the degree of coordination of that plan with that of the external auditor's and the extent to which the resulting combined planned audit scope can be relied upon to detect weaknesses in internal controls, fraud or other illegal acts;
- (b) review the adequacy of the resources of the Manager's internal auditor and consider the objectivity and independence of the Partnership's internal audit function as well as the audit processes and procedures of the Partnership;
- (c) review and consider the significant findings in the reports prepared by the internal audit group and recommendations issued by that group or by any external party relating to internal audit issues, together with the Manager's response thereto;
- (d) receive reports and review the internal control procedures used by the Manager and monitor the effectiveness of the Manager's internal controls relative to the Partnership's financial statements and related financial information and to monitor compliance with the Partnership's policies on the avoidance of conflicts of interest;
- (e) seek to ensure the internal auditor has access to the Chair of the Committee and of the Board and meet separately with the internal auditor to review any problems or difficulties that may have been encountered and specifically:
 - i) any difficulties which were encountered in the course of the internal audit work, including restrictions on the scope of activities or access to required information, and any disagreements with management,
 - ii) any changes required in the planned scope of the internal audit, and
 - iii) the internal audit department responsibilities and capabilities relative to the Partnership

and report to the Board on such meetings.

22. Oversight in Respect of the External Auditor

The Committee shall to the extent it deems necessary or appropriate:

- (a) review and approve the external audit plan;
- (b) review the annual post-audit or management letter from the external auditor and the Manager's response and follow-up in respect of any identified weakness, inquire regularly of the Manager and the external auditor of any significant issues

between them and how they have been resolved, and intervene in the resolution if required;

- (c) review the quarterly unaudited financial statements with the external auditor and receive and review the engagement reports of external auditor on unaudited financial statements of the Partnership;
- (d) receive and review annually the external auditor's formal written statement of independence delineating all relationships between itself and the Partnership and its affiliated companies;
- (e) meet separately with the external auditor to review with them any problems or difficulties the external auditor may have encountered and specifically:
 - i) any difficulties which were encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management, and
 - ii) any changes required in the planned scope of the audit,and report to the Board on such meetings;
- (f) review with the external auditor, prior to the audit, the planning and staffing of the audit;
- (g) meet with the external auditor to review the adequacy and appropriateness of the accounting policies used in preparation of the financial statements;
- (h) receive and review annually the external auditor's written report on their own internal quality control procedures including any material issues raised by the most recent internal quality control review, or peer review of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, and any steps taken to deal with such issues; and
- (i) review and evaluate the external auditor performance including the lead partner.

23. Other Responsibilities

The Committee shall to the extent it deems necessary or appropriate:

- (a) assess Management's procedures in seeking to ensure compliance by the Partnership with its loan covenants;
- (b) obtain reasonable assurance from discussion with and/or reports from Management and reports from external and internal auditors that the accounting systems are reliable and that the prescribed internal controls are adequate and functioning properly; and

- (c) conduct all other matters required by law or stock exchange rules that are to be dealt with by an audit committee.

24. Oversight of Committee

While the Committee has the responsibilities and powers set forth in this mandate, it is not the duty of the Committee to plan or conduct audits or to determine that the Partnership's financial statements and disclosure are complete and accurate or are in accordance with the Canadian GAAP. This is the responsibility of the Partnership's Manager, the Chief Financial Officer, the Controller and the external auditor. The Committee, its Chair and its members are members of the Board, are appointed to the Committee to provide broad oversight of the financial disclosure, financial risk and control related activities of the Partnership, and are specifically not accountable or responsible for the day-to-day operation of such activities. In particular, the member or members who may be identified from time to time as having accounting or related financial experience or education shall not be accountable for giving professional opinions on the internal or external audit of the Partnerships' financial information or financial disclosures. It is expected, however, that Committee members will bring to bear their education and experience in the discharge of the Committee's responsibilities.