

LIVEWELL FOODS CANADA INC.

AUDIT COMMITTEE CHARTER

1. ESTABLISHMENT AND PURPOSE OF THE COMMITTEE

The audit committee (the "Committee") is established by the board of directors to assist the board in fulfilling its financial oversight obligations. The Committee's responsibilities and duties include the following:

- to oversee the integrity of the Company's financial statements and accounting and financial reporting process and the audits of the Company's financial statements;
- to oversee the Company's compliance with legal and regulatory requirements;
- to oversee the qualifications and independence of the external auditor;
- to oversee the work and performance of the Company's financial management, internal auditor and external auditor; and
- to oversee the Company's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, risk management and ethics that management and the board have established.

The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section 3 of this charter and, except as set out in this Charter, the Committee does not have decision-making authority but rather conveys its findings and recommendations to the board for consideration and decision by the board.

2. COMPOSITION AND QUALIFICATION OF MEMBERS

The Committee shall be composed of a minimum of three members as determined by the board. Each member of the Committee shall be an "independent" director.

No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiaries of the Company at any time over the past three years. All members of the Committee must be "financially literate" and at least one member of the Committee must be an "audit committee financial expert" as described in Appendix A attached to this charter.

3. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

To fulfill its responsibilities and duties the Committee shall:

A. Documents/Reports/Accounting Information Review

(1) Review and discuss with management and the external auditor prior to public disclosure the Company's:

- Annual financial statements;
- Quarterly financial statements, ensuring consistency with the Company's audited annual financial statements;

- Annual and quarterly management's discussion and analysis of financial condition and results of operations ("MD&A");
 - Earnings press releases, including review of "pro-forma" or "adjusted" non-GAAP annual and interim information, if applicable, and any early or pre-earnings press releases (and the reasons therefor);
 - Regular internal reports (or summaries thereof) to management prepared by the internal auditing department and management's responses;
 - All internal controls reports (or summaries thereof);
 - From time to time and as applicable, other relevant reports or financial information submitted to any governmental body, or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 (Sections 302 and 906) and Canadian securities laws;
 - Reports rendered by the external auditor (or summaries thereof); and
 - On a regular basis, meet separately with the external auditor to discuss any matters that the Committee or the external auditor believes should be discussed privately.
- (2) Recommend to the board the inclusion of the annual audited and quarterly unaudited financial statements and MD&A, in any regulatory filings.
- (3) When applicable, discuss with management financial information and earnings guidance released publicly to analysts and rating agencies. Such discussions may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made).
- (4) Require that adequate procedures are in place, and periodically assess the adequacy of such procedures, for review of any public disclosure of financial information extracted or derived from the Company's financial statements.

B. External Auditors

- (1) Appoint and retain or recommend for appointment and retention (subject to shareholder ratification, if applicable), approve the compensation of and oversee the work performed by the external auditor for the purpose of preparing or issuing an audit report or other audit or attestation services. Review the planning of the annual audit with management, including the scope, fees and timing of the external audit. The external auditor is ultimately accountable to the Committee and the board as the representative of the shareholders of the Company and shall report directly to the Committee and the Committee shall so instruct the external auditor.
- (2) The Committee shall review the independence of the external auditor at least annually, including the receipt from the external auditor of a formal written statement delineating all relationships between the Company and the external auditor, consistent with Rule 3526 of the PCAOB, and shall make recommendations to the board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor.
- (3) Oversee and evaluate the performance of the external auditor and make recommendations to the board for the appointment or reappointment of the external auditor to be proposed in the Company's proxy circular for shareholder approval and if a change in the external auditor is proposed, the Committee shall review the reasons for

the change and any other significant issues related to the change, including the response of the incumbent auditor, and shall enquire on the qualifications of the proposed replacement external auditor before making a recommendation to the board. The Committee shall oversee the resolution of disagreements between management and the external auditor in the event that they arise.

- (4) The Committee will review the experience and qualifications of senior members of the external audit team annually and require that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed.
- (5) Consider whether the external auditor's performance of permissible non-audit services is compatible with the external auditor's independence.
- (6) Review with the external auditor any problems or difficulties and management's response to such problems or difficulties and hold timely discussions with the external auditor regarding all reports that the external auditors are required to provide to the Committee or the board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, including the following:
 - all critical accounting policies and practices used by the Company;
 - all alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management and the ramifications of the use of such alternative disclosures and treatments; and
 - other material written communications between the external auditor and management including, but not limited to, the management letter and schedule of unadjusted differences; and an analysis of the external auditor's judgment as to the quality of the Company's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements.
- (7) At least annually, the Committee shall meet with the external auditor's lead engagement partner for the purpose of:
 - confirming (and requesting same from the external auditor in writing should the Committee deem it advisable) that the external audit firm is registered, and is in good standing, with both the PCAOB and CPAB;
 - discussing, in connection with the Company's audit, (a) the internal quality control procedures and processes that the external auditor's engagement team has put in place, and (b) the external auditor's compliance with audit firm policy in respect of (a) above; and
 - assessing the auditor's independence in respect of all relationships between the external auditor and the Company.
- (8) Review and approve clear hiring policies, compliant with applicable laws, rules and regulations, for partners and employees or former partners and employees of the Company's present and former external auditor.

- (9) Review the external auditor's attestation and, as applicable, report on management's internal control report.
- (10) Actively engage in a dialogue with the external auditor regarding all relationships or services that may impact the objectivity and independence of the external auditor, including non-audit services provided by or expected to be provided by the external auditor to the Company.
- (11) Discuss with the external auditor any other matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including any restriction on audit scope or on access to requested information, any disagreements with management, and significant issues discussed with the external auditor's national office.
- (12) Review and discuss with management and the external auditor:
 - any significant deficiencies or material weaknesses in the design or operation of the Company's internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data;
 - any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
 - related findings and recommendations of management, together with the external auditor's attestation report.

C. Pre-Approval of Audit and Non-Audit Services

Review and pre-approve both audit and non-audit services to be provided by the external auditor (other than with respect to *de minimis* exceptions permitted by the Sarbanes-Oxley Act of 2002 and the provincial securities laws of Canada). This duty may be delegated to one or more designated members of the Committee with any such pre-approval reported to the Committee at its next regularly scheduled meeting.

D. Financial Reporting Processes and Accounting Policies

- (1) In consultation with the external auditor and the internal auditor, review the integrity of the Company's financial reporting processes (both internal and external), and the Company's internal control structure (including disclosure controls).
- (2) Review with management and the external auditor material issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and material issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
- (3) Review analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

- (4) Review with management and the external auditor the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- (5) Review and approve all material related party transactions. Require that proper internal controls are in place to identify material related party transactions. Review with management related party arrangements at least once annually. Provide a report to the board that includes (i) a summary of the nature of the relationship with the Related Party and the significant commercial terms of the transaction; (ii) the parties to the transaction; (iii) an outline of the benefits to the Company of the transaction; (iv) whether the terms are market and negotiated at arms length; and (v) for transactions involving officers or directors, whether there has been a loss of corporate opportunity. The Committee defines "related party transactions" as follows:

Related parties are: directors, executive officers and management of the Company, affiliates of the Company; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the Company; members of the immediate families of or relatives residing in the same house as principal owners of the Company and its directors, senior officers and management; and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

E. Internal Audit

- (1) Review and concur in the appointment, replacement or dismissal of the Director of Internal Audit.
- (2) Review with management and the Director of Internal Audit the charter, plans, activities, staffing and organizational structure of the internal audit function.
- (3) Periodically review with the Director of Internal Audit any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the internal audit function's work.
- (4) On a regular basis, meet separately with the Director of Internal Audit to discuss any matters that the Committee or the internal audit department believes should be discussed privately.

F. Ethical Compliance, Legal Compliance, and Risk Management

- (1) Establish, review and update periodically a code of business conduct (the "Code") and require that management has established a system to enforce the Code. Require that the Code is in compliance with all applicable laws, rules and regulations.

- (2) Review management's monitoring of the Company's compliance with the Code and require that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy all applicable legal requirements.
- (3) Review, with the Company's counsel, legal compliance matters, including corporate securities trading policies.
- (4) Review on a quarterly basis, with the Company's counsel, any legal matter, claim or contingency that could have a significant impact on the Company's financial statements and any material reports, inquiries or other correspondence received from regulators or government agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's financial statements.
- (5) Review policies with respect to risk assessment and risk management. Such review should include, at a minimum, the following major financial and accounting risk exposures and the steps management has undertaken to control them:
 - significant transactions out of the ordinary course of business;
 - foreign currency risk management;
 - cash management;
 - insurance coverage;
 - pension plans;
 - income tax structure and transactions; and
 - the use of off-balance sheet financial mechanisms.

G. Communications with Others

- (1) The Committee shall establish and monitor procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Committee shall review periodically with management and the internal auditor these procedures and any significant complaints received.
- (2) The Committee may communicate directly with the external auditor and internal auditor as well as members of management and any advisors or consultants retained by the Committee.

H. Other Responsibilities

- (1) Review with the external auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee).
- (2) The Committee shall report regularly to the board regarding its meetings and progress in carrying out the responsibilities of the Committee pursuant to this charter.

- (3) The Committee shall annually report in accordance with all applicable laws, rules and regulations as required in public disclosure documents.
- (4) The Committee may undertake on behalf of the board, such other initiatives as may be necessary or desirable to contribute to the success of the Company and enhance shareholder value.

I. The Charter

- (1) The Committee shall review and reassess the adequacy of this charter at least annually and otherwise as it deems appropriate and recommend changes to the board. The performance of the Committee shall be evaluated by the board with reference to this charter annually.
- (2) The Committee shall require that this charter is disclosed on the Company's website and that this charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Company.

4. AUTHORITY OF THE COMMITTEE

- (1) **Access** - The Committee shall be entitled to full access to all books, records, facilities, and personnel of the Company and its subsidiaries. The Committee may require such officers, directors and employees of the Company and its subsidiaries and others as it may see fit from time to time to provide any information about the Company and its subsidiaries as it may deem appropriate and to attend and assist at meetings of the Committee.
- (2) **Delegation** - The Committee may delegate from time to time to any person, including any individual member of the Committee, or committee of persons any of the Committee's responsibilities that lawfully may be delegated.
- (3) **Professional Assistance** - The Committee may retain and compensate at the Company's expense special legal, accounting, financial or other consultants or advisors to advise the Committee. The Committee shall have sole authority to approve and pay all related fees and retention terms.
- (4) **Adoption of Policies and Procedures** - The Committee may adopt policies and procedures for carrying out its responsibilities.
- (5) **Reliance** - Absent actual knowledge to the contrary (which shall be promptly reported to the board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditor as to any information technology, internal audit and other non-audit services provided by the external auditors to the Company and its subsidiaries.

5. OPERATING GUIDELINES AND PRINCIPLES

(1) Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The board may fill vacancies on the Committee by appointing another director to the Committee. The board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.

(2) Committee Chair

Unless a chair of the Committee is designated by the full board, the members of the Committee may designate a chair by majority vote of the full Committee. The chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the board.

(3) Conflicts of Interest

If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for informing the Committee chair. If the Committee chair faces a potential or actual conflict of interest, the Committee chair shall advise the chair of the board. If the Committee chair, or the chair of the board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in the consideration of the matter and shall not vote on the matter.

(4) Compensation of Committee Members

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the board may from time to time determine. No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a director or a member of a committee of the board of the Company or any of its affiliates.

(5) Meetings of the Committee

- (i) **Procedures for Meetings** - Subject to any applicable statutory or regulatory requirements, the articles and by-laws of the Company and the terms of the Committee's charter, the time at which and place where the meetings of the Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.

- (ii) **Calling of Meetings** - The Committee shall meet on a regularly scheduled basis at least quarterly or more frequently as it deems appropriate to discharge its responsibilities and any member of the Committee may request a special meeting. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile or other electronic means that produces a written copy, to each member of the Committee and to the external auditor at least 48 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes 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. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before the Committee meeting in sufficient time to provide adequate opportunity for their review and no later than 48 hours prior to the meeting.
- (iii) **Quorum** – A majority of the members constitute a quorum for the transaction of Committee business.
- (iv) **Chair of Meetings** - If the chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.
- (v) **Secretary of Meeting** - The chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the chair of the Committee fails to designate such a person, the secretary of the Company shall be secretary of the Committee. The agenda of the Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.
- (vi) **Separate Executive Meetings** - The Committee shall meet at least once every quarter, and more often as warranted, with the chief executive officer and such other officers of the Company as the Committee may determine to discuss any matters that the Committee or such individuals believes should be discussed privately. The Committee shall also meet periodically without management present.

In addition, the Committee shall meet at least annually with the external auditor and management to discuss the annual audited financial statements, including the Company's disclosure in the MD&A. The Committee shall meet quarterly with the external auditor and management to discuss the quarterly financial statements and the MD&A. The external auditor may request a meeting with the Committee at any time.
- (vii) **Reporting to the Board** - The Committee will report through the Committee chair to the board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this charter.
- (viii) **Minutes** - Minutes of the proceedings of the Committee shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the board and shall be distributed to all Committee members.

APPENDIX A

AUDIT COMMITTEE

FINANCIAL LITERACY, EXPERIENCE AND EXPERTISE

All members of the Committee must have:

- 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 by the Company's financial statements;
- an understanding of U.S. and Canadian generally accepted accounting principles ("GAAP") and financial statements, including an understanding of balance sheets, income statements and cash flow statements;
- an ability to assess the general application of GAAP in connection with the accounting for estimates, accruals, reserves and other judgmental areas such as recoverability of assets, revenue recognition and complex financing arrangements;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising¹ one or more persons engaged in such activities;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

The Committee members should also have, and at least one member of the Committee (an "audit committee financial expert") must have acquired the attributes above, through:

- education and experience as a principal financial officer, principal accounting officer, controller, accountant in public practice or auditor, or experience in one or more positions that involve the performance of similar functions;
- experience actively supervising a principal financial officer, principal accounting officer, controller, accountant in public practice, auditor, or persons performing similar functions;
- experience overseeing or assessing the performance of companies or accountants in public practice with respect to the preparation, auditing or evaluation of financial statements;
- requisite professional certification in accounting; or
- other relevant experience.