



AUDIT AND RISK COMMITTEE

CHARTER

I. PURPOSE

The Audit and Risk Committee (the "**Committee**") of the Board of Directors (the "**Board of Directors**") of Sinopec Canada and its Canadian affiliates (Sinopec Canada Energy Ltd. ("**SCEL**"), Sinopec Daylight Energy Ltd. ("**SDEL**"), SinoCanada Petroleum Corporation and 1527203 Alberta Ltd.) (collectively, "**Sinopec Canada**" or the "**Company**") is a standing committee of the directors. The Committee is responsible for the oversight and supervision of the accounting and financial reporting practices and procedures of Sinopec Canada, the adequacy of Sinopec Canada's internal accounting controls and procedures, and the quality and integrity of Sinopec Canada's financial statements. In addition, the Committee is responsible for directing the auditors' examination of specific areas and to approve the selection of the independent auditors, as well as overseeing Sinopec Canada's compliance with governmental and legal requirements as they relate to audit committee or financial related matters in connection with the undertakings which have been given to the Minister responsible under the *Investment Canada Act*. The Committee is also primarily responsible, on behalf of the Board of Directors, for the implementation and effective management of the Company's Enterprise Risk Management system.

II. STRUCTURE AND OPERATIONS

The Committee shall be comprised of a minimum of three directors, and at least two (2) of whom satisfy the "independence" requirements of Section 1.4 of National Instrument 52-110 - *Audit Committees* ("NI 52-110").

The Committee should also be comprised of members who are "financially literate". A member of the Committee is "financially literate" if he or she has 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 Sinopec Canada's financial statements.

The members of the Committee shall be appointed by the Board of Directors and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be reconstituted by resolution of the Board of Directors.

III. CHAIR OF THE COMMITTEE

Unless the Board of Directors elects a Chair of the Committee, the members of the Committee shall designate a Chair by the majority vote of the full Committee membership.

The Chair of the Committee shall:

- (i) Call and conduct the meetings of the Committee;
- (ii) Be entitled to vote to resolve any ties;

- (iii) Prepare and forward to members of the Committee the agenda for each meeting of the Committee and include any items proposed for inclusion in the agenda by any member of the Committee;
- (iv) Review with the Chief Financial Officer ("CFO") of Sinopec Canada and the auditors for Sinopec Canada any matters referred to the Chair by the CFO or the auditors;
- (v) Appoint a secretary, who need not be a member of the Committee, to take minutes of the meetings of the Committee; and
- (vi) Act in a manner that the Committee meetings are conducted in an efficient, effective and focused manner.

IV. MEETINGS

As part of its goal to foster open communication, the Committee shall periodically meet with management and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. The Committee may meet privately with outside counsel of its choosing and the CFO of Sinopec Canada, as necessary. In addition, the Committee shall meet with the external auditors and management to review Sinopec Canada's financial statements in a manner consistent with this Charter.

The Committee may invite to its meetings any director, any member of management of Sinopec Canada and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, shall constitute a quorum. A majority of members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent with respect to matters that may be acted upon without a formal meeting.

The Committee shall maintain minutes or other records of meetings and activities of the Committee.

Notice of the time and place of every meeting shall be given in writing, by email or facsimile 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 notice of a meeting. Attendance of a member at a meeting is 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.

V. RESPONSIBILITIES, DUTIES, AUTHORITY

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal and other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purpose of this Committee outlined in Section I.

The Committee, in discharging its oversight role is empowered to investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside counsel, accountants, or other advisors for this purpose, including authority to approve the fees payable to such advisors and other terms of retention. In addition, the Committee shall have the authority to communicate directly with the external auditors of Sinopec Canada.

The Committee shall be given full access to the directors, any member of management of Sinopec Canada directly and indirectly responsible for financial reporting, independent accountants and independent legal counsel, as necessary, to carry out these responsibilities. While acting within the scope of this stated purpose, the Committee shall have all the authority of the Board of Directors.

The Committee shall be responsible for assessing the range of risks that the directors shall focus on, and make recommendations to the Board of Directors about how appropriate responsibilities for continuing to identify, monitor and manage these risks are to be delegated.

In addition, the Committee shall encourage continuous improvement of, and foster adherence to, Sinopec Canada's financial and risk management policies, procedures and practices at all levels in the organization; and provide an avenue of communication among the independent auditors, management and the directors.

Absent actual knowledge to the contrary (which shall promptly be reported to the Board of Directors), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside Sinopec Canada 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 auditors, as to any information technology, internal audit and other non-audit services provided by the external auditors to Sinopec Canada.

Document Reports/Reviews

Annual Financial Statements

1. The Committee shall review with management and the external auditors, both together and separately:
 - (a) the annual audited consolidated financial statements of the applicable Sinopec Canada legal entities;
 - (b) the external auditor's review of the annual consolidated financial statements and their report;
 - (c) any significant changes that were required in the external audit plan;
 - (d) any significant issues raised with management during the course of the audit, including any restrictions on the scope of activities or access to information; and
 - (e) those matters related to the conduct of the audit that are required to be discussed under generally accepted auditing standards applicable to Sinopec Canada.

Following completion of the matters contemplated above, the Committee shall make a recommendation to the Board of Directors with respect to the approval of the annual financial statements with such changes contemplated and further recommended, as the Committee considers necessary.

Interim Financial Statements

2. The Committee shall review with management, the interim unaudited consolidated financial statements of Sinopec Canada, including a discussion with the external auditors of those matters required to be discussed under generally accepted auditing standards applicable to Sinopec Canada.

Following completion of the matters contemplated above, the Committee shall make a recommendation to the Board of Directors with respect to the approval of the interim

unaudited financial statements with such changes contemplated and further recommended, as the Committee considers necessary.

Reports and Regulatory Returns

3. The Committee shall review and discuss with management, and the external auditors to the extent the Committee deems appropriate, such reports and regulatory returns of Sinopec Canada as may be specified by law.
4. The Committee shall review management's process for certification under the *Extractive Sector Transparency Measures Act* (Canada).

Other Financial Information

5. The Committee shall review the financial information included in any public disclosure document with management and the external auditors, as appropriate, prior to public dissemination, and shall make a recommendation to the Board of Directors with respect to the approval of such document with such changes contemplated and further recommended, as the Committee considers necessary.

Financial Reporting Processes

Establishment and Assessment of Procedures

6. The Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements of Sinopec Canada and assess the adequacy of these procedures annually.
7. The Committee shall review the risk management policies and procedures of Sinopec Canada.

Application of GAAP and IFRS

8. The Committee shall assure itself that the external auditors are satisfied that the accounting estimates and judgments made by management, and their selection of accounting principles, reflect an appropriate application of generally accepted accounting principles and international financial reporting standards, as applicable.

Practices and Policies

9. The Committee shall review with management and the external auditors, together and separately, the principal accounting practices and policies of Sinopec Canada.

External Auditors

Oversight and Responsibility

10. The Committee shall recommend to the directors the external auditor nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the issuer; and the compensation of the external auditor.
11. The Committee is responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Sinopec Canada, including the resolution of disagreements between management and the external auditors regarding financial reporting.

Reporting

12. The external auditors shall report directly to the Committee and are ultimately accountable to the Committee.

Performance and Review

13. The Committee shall annually review the performance of the external auditors and recommend to the Board of Directors the appointment of the external auditors or approve any discharge of the external auditors when circumstances warrant, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Sinopec Canada.

Annual Audit Plan

14. The Committee shall review with the external auditors and management, together and separately, the overall scope of the annual audit plan and the resources the external auditors will devote to the audit. The Committee shall annually review and approve the fees to be paid to the external auditors with respect to the annual audit.

Non-Audit Services

15. The Committee shall review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors; between scheduled meetings, the Committee may delegate to one or more members the authority to approve non-audit services provided by the external auditors, provided that the member shall report all such approvals to the Committee at its next scheduled meeting.

Independence Review

16. The Committee shall review and assess the qualifications, performance and independence of the external auditors, including the requirements relating to such independence of the regulation laws governing Sinopec Canada. At least annually, the Committee shall receive from and review with the external auditors, their written statement delineating all relationships with Sinopec Canada and, if necessary, recommend that the directors take appropriate action to satisfy itself of the external auditors' independence and accountability to the Committee.

Reports to Board of Directors

Reports

17. In addition to such specific reports contemplated elsewhere in this Charter, the Committee shall report regularly to the Board of Directors regarding such matters, including:
 - (a) with respect to any issues that arise with respect to the quality or integrity of the financial statements of Sinopec Canada, compliance with legal or regulatory requirements by Sinopec Canada, or the performance and independence of the external auditors of Sinopec Canada;
 - (b) reports received from the CFO regarding the status of the Company's Enterprise Risk Management program and recommend changes to the Company's Enterprise Risk Management policy and Corporate Risk Tolerance, as applicable; and
 - (c) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

Recommendations

18. In addition to specific recommendations contemplated elsewhere in this Charter, the Committee shall provide such recommendations as the Committee may deem appropriate. The

report to the directors may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

Whistle-Blowing

Procedures

19. The Committee, together with the Corporate Governance Committee, shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by Sinopec Canada regarding questionable accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal accounting controls, or auditing matters.

Notice to Employees

20. To comply with the above, the Committee shall ensure Sinopec Canada advises all employees, by way of a written code of business conduct and ethics (the "Code"), that any employee who reasonably believes that questionable accounting, internal accounting controls, or auditing matters have been employed by Sinopec Canada or its external auditors is strongly encouraged to report such concerns by way of communication directly to the Chair of the Audit Committee or Chair of the Corporate Governance Committee of Sinopec Canada. Matters referred may be done so anonymously and in confidence.

Sinopec Canada shall not take or allow any reprisal against any employee for, in good faith, reporting questionable accounting, internal accounting controls, or auditing matters. Any such reprisal shall itself be considered a very serious breach of this charter and the code.

All reported violations shall be investigated by the Committee following rules of procedure and process as shall be recommended by outside counsel.

General

Access to Counsel

21. The Committee may review with outside counsel of its choosing, any legal matter that could have a significant impact on the financial statements, Sinopec Canada's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

Hiring of Partners and Employees of External Auditors

22. The Committee shall review and approve any prospective hiring by Sinopec Canada of any partners, employees and former partners and employees of the present and former external auditors of Sinopec Canada.

General

23. The Committee shall perform such other duties and exercise such powers as may, from time to time, be assigned or vested in the Committee by the Board of Directors, and such other functions as may be required of an audit committee by law or regulations.

VI. ANNUAL PERFORMANCE REVIEW

Evaluation

Annual Review

24. Management shall be required to provide the Committee an annual report on internal controls, including reasonable assurance that such controls are adequate to facilitate reliable and timely disclosure of financial information. The Committee shall also review and follow-up on any areas of internal control weakness identified by the external auditors with the auditors and management.

VII. AGENDA

25. Attached to this Charter is the forward agenda for the Audit Committee.

SINOPEC CANADA
Audit Committee Forward Agenda

Meeting Timing <i>Agenda Item:</i>	H1	H2
A. Financial Reporting Control Systems		
(i) Review reports from senior officers outlining changes in financial risks.	X	X
(ii) Review management letter of external auditor and Corporation's responses to suggestions made.	X	
(iii) Obtain assurance from external auditors regarding the overall control environment and the adequacy of accounting system controls.	X	
(iv) Review financial statement certification process and disclosure controls and procedures.	X	
(v) Review procedures for receipt and treatment of complaints regarding accounting controls or auditing matters and confidential, anonymous submission of concerns regarding accounting or auditing matters ("Whistle-blowing" procedures).	X	
(vi) Receive and review external auditors report on critical accounting policies.	X	
B. Interim Financial Statements		
(i) Review interim financial statements and recommend their approval to the directors.		X

Meeting Timing	H1	H2
<i>Agenda Item:</i>		
C. Annual Financial Statements and Other Financial Information		
(i) Review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements.	X	X
(ii) Obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration.	X	X
(iii) Obtain draft annual financial statements in advance of the committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by officers.	X	
(iv) Review summary of the status of any material pending or threatened litigation, claims and assessments.	X	X
(v) Discuss the annual financial statements and the auditors' report thereon in detail with officers and the auditors.	X	
(vi) Review critical accounting policies, alternative treatments of financial information and material communication between management and external auditors.	X	X
(vii) Review the annual report.	X ⁽¹⁾	
(viii) Provide to the Board a recommendation as to whether the annual financial statements should be approved.	X	
(ix) Review the annual compliance report further to the <i>Extractive Sector Transparency Measures Act (Canada)</i> and provide to the Board a recommendation as to whether such report should be approved.	X	
(x) Review risk management plans and insurance programs.	X ⁽²⁾	X ⁽²⁾
(xi) Review hedging programs and policies.	X ⁽²⁾	
(xii) Assess adequacy of disclosure controls and procedures.	X	

⁽¹⁾ To occur prior to Investment Canada Annual Report filing deadline of March 31st.

⁽²⁾ As applicable

Meeting Timing <i>Agenda Item:</i>	H1	H2
D. External Audit Terms of Reference, Reports, Planning and Appointment.		
(i) Review the external audit plan.		X
(ii) Discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters.	X	
(iii) Recommend the retention or replacement of the external auditors. If there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition.		X
(iv) Assess independence of external auditors. Ensure rotation of lead or coordinating audit partner having primary responsibility for the audit as required by law.		X
(v) Review and approve engagement of external auditors for non-audit services.		X ⁽²⁾
(vi) Review and recommend for approval to the directors the terms of engagement and the remuneration of the external auditor.		X
(vii) Review prospective hiring of employees of current or former external auditors.	X ⁽²⁾	X ⁽²⁾
E. Governance Matters		
(ii) Review key accounting and finance policies.	X	
F. Enterprise Risk Management		
(i) Receive semi-annual report from CFO to ensure key enterprise risks have been identified and managed.	X	X
(ii) Review and recommend the Board's approval of material changes to the Enterprise Risk Management Policy.	X ⁽²⁾	X ⁽²⁾
(iii) Review and provide guidance to the Board regarding the setting of Sinopec Canada's Corporate Risk Tolerance pursuant to the Company's Enterprise Risk Management Policy.	X ⁽²⁾	X ⁽²⁾