

# EXCO TECHNOLOGIES LIMITED

## AUDIT COMMITTEE CHARTER

---

July 2014

### I. Purpose of Audit Committee

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualifications, independence and performance of the external auditor and the performance of the Company's internal audit function.

### II. Audit Committee Composition and Meetings

Audit Committee members shall meet the applicable requirements of the *Business Corporations Act* (Ontario), Canadian securities regulatory authorities and the Toronto Stock Exchange. The Audit Committee shall comprise of three or more Directors determined by the Board, each of whom shall be outside Directors who are "independent" as such term is defined in NI 52-110 and unrelated, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall be financially literate, as defined in NI 52-110.

Audit Committee members shall be directors of the Company and shall be appointed by the Board. If an Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the external auditors, and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed.

### III. Audit Committee Responsibilities and Duties

The Audit Committee's primary duties and responsibilities are to:

- Provide oversight of the Company's financial reporting process and system of internal controls.
- Monitor the independence and performance of the Company's external auditors and internal auditing practices.
- Provide an avenue of communication among the external auditors, management, the internal auditors and the Board of Directors.
- Report to the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external and internal auditors as well as anyone in the organization. The Audit committee has the ability to retain, at the Company's expense subject to Board

approval which will not be unreasonably withheld, such legal, accounting, or other consultants or experts relating to specific and discrete matters which it reasonably deems necessary in the performance of its duties (including the authority to set and pay the compensation for any properly approved advisors employed by the Audit Committee).

### Review Procedures

1. Review and assess the adequacy of this Charter at least annually and submit any changes to the Charter to the Board of Directors for approval.
2. Review the Company's annual audited financial statements, management discussion and analysis, annual earnings news releases and related documents prior to filing or distribution. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgements.
3. Review with financial management the Company's quarterly financial statements, management discussion and analysis, interim earnings news releases and related documents prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution and recommend approval to the Board. Discuss any significant changes to the Company's accounting principles.
4. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's disclosure of other financial information extracted or derived from the Company's financial statements.
5. Annually, in consultation with management and external auditors, consider the integrity and assess the adequacy of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the external auditors together with management's responses.
6. Review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Committee's view to the Board of Directors.

### External Auditors

7. The external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders. The Audit Committee shall oversee and review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the external auditors and their compensation or approve any discharge of auditors when circumstances warrant.
8. Approve the fees and other significant compensation to be paid to external auditors.
9. Pre-approve all non-audit services provided by the external auditors to the Company and its subsidiaries, as services are required. The Audit Committee may pre-approve non-audit services from time to time.

10. On an annual basis, the Committee will review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditor's independence.
11. Review and approve the Company's hiring policies regarding former and present partners and employees of the Company's external auditors.
12. Review the external auditors' audit plan and discuss and approve audit scope, staffing, locations, reliance upon management, and general audit approach.
13. Prior to releasing the year – end earnings, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
14. Consider the external auditors' judgements about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.

#### **Internal Audit Department and Legal Compliance**

15. Review and approve management's decisions related to the need for internal auditing.

#### **Dispute Resolution and Complaints Procedure**

16. Resolve any disagreements between the Company's management and external auditors regarding financial reporting.
17. Resolve any disputes relating to accounting, internal accounting controls or audit matters among corporate management.
18. The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
19. The Audit Committee must establish a procedure for the confidential, anonymous submission of concerns by employees of the Company regarding questionable accounting or auditing matters.

#### **Other Audit Committee Responsibilities**

20. Annually review and assess the effectiveness of the committee against the Charter and report the results of the assessment to the Board.
21. Disclose the Charter and other required information relating to the Audit Committee to shareholders as required by applicable Canadian securities laws.
22. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, at the Committee or the Board deems necessary or appropriate.

23. Maintain minutes of meetings and regularly report to the Board of Directors on significant results of the foregoing activities.
24. Review financial and accounting personnel succession planning within the Company.