

PRIMARY ENERGY RECYCLING CORPORATION

AUDIT COMMITTEE CHARTER

Effective June 15, 2011

I. PURPOSE

The Audit Committee of the Board of Directors of Primary Energy Recycling Corporation (the “Committee”) supports the Board in: (i) carrying out its oversight responsibilities relating to the Company’s financial statements, accounting policies and its financial reporting process, the systems of internal accounting and financial controls, the independent audit and the selection of the independent auditor (the “Auditor”), (ii) review and discuss the Company’s internal control measures with management of the Company and any third party that provides management services to the Company (the “Manager”) for purposes of the Company’s compliance with any internal control regulations as may be promulgated by the Ontario Securities Commission or other regulatory body to which the Company is subject and (iii) carrying out any other functions set out in this Charter or as from, time to time, may be assigned by the Board to this Committee.

II. COMPOSITION

The Committee shall be comprised of no fewer than three directors, each of whom the Board has determined to satisfy the independence and financial literacy requirements as contemplated by the laws, regulations and listing requirements to which the Company is subject. No director shall be qualified to be a member of the Committee if such director receives any compensation or other remuneration from the Company or any of its subsidiaries, other than director’s fees, for such member’s services; provided, however, that a member of the Committee who is also a shareholder of the Company may receive dividends and other distributions declared by the Company in the same proportion and amount as other shareholders of the Company.

Members, including the Committee Chair, shall be appointed by the Board and shall serve for such term as the Board may determine.

The members may appoint a secretary to the Committee, who will attend meetings of the Committee and prepare and maintain minutes of the proceedings of the Committee.

Any member of the Committee may be replaced or removed at any time by the Board. The Board shall fill vacancies on the Committee, as it deems appropriate.

III. MEETINGS

The Chair of the Board or the Committee Chair may call meetings of the Committee at anytime. The Committee shall meet as often as necessary, but not less than four times a year. Any director may ask the Committee Chair to call a Committee meeting.

A quorum at any meeting of the Committee shall be a majority of the members.

The Committee Chair shall, with input from the chief financial officer of the Manager, other appropriate individuals and the Auditor, develop the agenda for regular Committee meetings.

If the Chair of the Committee is not present at any meeting of the Committee, one of the members who is present shall be chosen by the Committee to preside at the meeting.

At each regular meeting, the Committee shall meet separately with the Auditor. The Committee will meet in camera, as necessary.

At the invitation of the Committee Chair, other members of the Board, members of Primary Energy Recycling Holdings LLC's Board of Managers, members, officers or employees of the Manager, or special advisors may attend any meeting of the Committee.

IV. RESPONSIBILITIES

To carry out its responsibilities, the Committee shall have the following duties and powers:

1. In respect of Disclosure and Internal Controls
 - (a) Review and discuss the Company's internal control measures with the Manager for purposes of the Company's compliance with any internal control regulations as may be promulgated by the Ontario Securities Commission or other regulatory body to which the Company is subject.
 - (b) Review and discuss with management: (i) the Company's policies and procedures for internal accounting, financial control and management information and (ii) the Company's disclosure controls and procedures.
 - (c) Review and discuss with management: (i) the Company's risk management policies governing the process by which the Company manages exposure to risk, (ii) the Company's major financial risk exposures and (iii) on at least an annual basis, the steps that have been taken to monitor and control such exposures; including the Company's insurance program.
 - (d) Review all of the Company's interim and annual financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operation and recommend for approval to the Board.
 - (e) Review all of the Company's public disclosure documents containing financial information, before they are released.
 - (f) Review and approve (where not otherwise reviewed and approved by the Board as a whole) all press releases disclosing financial information, including the results of operations for any interim or annual financial accounting period and any changes to any earnings guidance.
 - (g) Consistent with the Company's obligation under the rules of the Ontario Securities Commission or other regulatory body to which the Company is subject, direct that management of the Manager file the financial statements of the Company and/or any Earnings Guidance statements with applicable securities regulators contemporaneous with the issuance of any press releases related thereto.
 - (h) Review any off-balance sheet items.
 - (i) Discuss with management the type of financial information, earnings guidance and presentation provided to analysts and rating agencies.
 - (j) Review expenses submitted by the Manager to be paid by the Company.
 - (k) Review the annual management and administration budget for the Company prepared by the Manager and recommend for approval to the Board.

- (l) Review the evaluation, accounting and disclosure of legal proceedings against the Company.
- (m) Review with management and the Auditor any significant correspondence with regulators or governmental agencies or published reports which may raise material issues regarding the Company's financial statements or accounting policies.
- (n) Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and periodically assess the adequacy of these procedures.

2. In respect of the Auditor

- (a) Evaluate the performance and independence of the Auditor and recommend the retention or termination of the Auditor and, in the case of termination of the Auditor, make nominations to the Board of Directors with respect to any Auditor to be retained in replacement of the existing Auditor who shall report directly to the Committee.
- (b) Discuss with the Auditor any relationships that may impact the quality of its services to the Company or the objectivity and independence of the Auditor.
- (c) Approve all audit engagement fees and terms and recommend approval of such fees to the Board.
- (d) Prior to the provision of services, approve the provision of any non-audit services to be provided to the Company and/or any its subsidiaries by the Company's Auditor and the fees associated with those services.
- (e) Review the process for the rotation of the lead audit partner, the concurring partner and any other engagement team partner assigned by the Company's Auditor to the provision of audit services to the Company and its subsidiaries.
- (f) Require the Auditor to submit a formal written statement describing their quality control procedures.
- (g) Consider any reports or communications (and management's related responses) submitted to the Committee by the Auditor as required by applicable auditing standards.
- (h) Discuss any significant matters arising from any audit, and any difficulties or considerable differences of opinion between the Auditor and the Manager, and the Manager's responses thereto.
- (i) Review the annual Auditor's Report to Shareholders.
- (j) Discuss with the Auditor and the Manager the significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the quality of the Company's critical accounting principles, any significant changes in these principles, alternative treatments of financial information that have been discussed with management and the implications of their use.

- (k) Obtain the Auditor's assurance that the audit was conducted in a manner consistent with applicable laws and regulations.
- (l) Review and approve any policies instituted by the Company with respect to utilization of partners, former employees and former partners of the Auditor in connection with work performed for the Company and its subsidiaries by the Manager.

3. In respect of Corporate Governance

- (a) Establish and monitor procedures for the receipt, retention, treatment and resolution of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- (b) Establish and monitor procedures for confidential, anonymous submissions by employees of the Company or the Manager of concerns regarding accounting, internal accounting controls, auditing matters or financial reporting.
- (c) Report its activities to the Board on a regular basis and make such recommendations to the Board as the Committee deems necessary or appropriate.
- (d) Prepare a report, if deemed necessary or appropriate, for inclusion in the Company's annual proxy circular.
- (e) Conduct and review with the Board an annual performance evaluation of the Committee and its members.
- (f) Review this Charter annually and recommend any changes to the Board.
- (g) Review insider and related party transactions.

V. RESOURCES

In fulfilling its role, the Committee is sanctioned to investigate any matter brought to its attention with full access to the books, records, facilities and personnel of Primary Energy Recycling Holdings LLC and its subsidiaries and to the Manager's personnel.

The Committee has the authority to retain, at the expense of the Company, counsel, accountants or other experts, as it deems appropriate, without seeking approval of the Board.

VI. LIMITATION OF THE COMMITTEE'S ROLE

The function of the Committee is oversight. It is not the duty or responsibility of the Committee to: (1) plan or conduct audits, (2) determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles or (3) conduct other types of auditing or accounting reviews or similar procedures.

Members of the Committee, unless they have knowledge to the contrary, shall be entitled to rely on: (1) the integrity of those persons within the Manager and Primary Energy Recycling Holdings LLC and external advisors from whom they receive information, (2) the accuracy of the information provided to the Committee and (3) representations made by the Manager and the Auditor as to any non-audit services provided by the Auditor to the Company and its affiliates.