

DIAGNOS

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Audit Committee (the “Committee”) is a subcommittee of the Board of Directors. The primary function of the Committee is to assist the Board of Directors in fulfilling its fiscal reporting and controls responsibilities to the Shareholders of the Corporation and the investment community. The external independent auditor will report directly to the Committee.

The Committee's primary duties and responsibilities are:

- overseeing the integrity of the Corporation's financial statements and reviewing the fiscal reports and other fiscal information provided by the Corporation to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external independent auditor, overseeing the external independent auditor's qualifications and independence and providing an open avenue of communication among the external independent auditor, fiscal and senior management and the Board of Directors; and
- monitoring the Corporation's fiscal reporting process and internal controls, its management of business and fiscal risk, and its compliance with legal, ethical and regulatory requirements.

II. COMPOSITION

The Committee shall consist of a minimum of three directors of the Corporation the majority of whom shall not be officers or “control persons”, as such term is defined hereunder, of the Corporation. All members shall, to the satisfaction of the Board of Directors, be "fiscally literate" as such term is defined hereunder.

The members of the Committee shall be appointed by the Board of Directors. The Board of Directors may remove a member of the Committee at any time in its sole discretion by resolution of the Board of Directors.

III. DUTIES AND RESPONSIBILITIES

The Committee shall review and recommend to the Board of Directors for approval;

- a) the Corporation's financial statements, Management Discussion and Analysis (“MD&A”) and earnings releases to be filed with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings; and
- b) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim fiscal results (e.g., prospectuses, press releases with fiscal results) prior to their release.

The Committee, in fulfilling its mandate, will:

- a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
- b) recommend to the Board of Directors the selection of the external independent auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external independent auditor;
- c) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- d) monitor the relationship between management and the external independent auditor including reviewing any management letters or other reports of the external independent auditor;
- e) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor;
- f) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the Corporation's financial statements, MD&A and annual and interim profit or loss press releases, and periodically assess the adequacy of those procedures;
- g) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters;
- h) review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer;
- i) periodically consult with the external independent auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements;
- j) obtain and review annually a report prepared by the external independent auditor summarizing the independent auditor's internal quality-control procedures and processes;
- k) review the scope of the external audit, including the fees involved;
- l) review the report of the external independent auditor on the annual audited financial statements;
- m) review the problems identified during audit, and, if any, the limits and restrictions imposed by management and any significant accounting matter for which management sought a second opinion;
- n) review and approve requests for any management consulting engagement to be performed by the external independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees;
- o) review with management, the external independent auditor and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material affect upon the fiscal position or operating results of the Corporation, and whether these matters have been appropriately disclosed in the financial statements;
- p) review with management their approach with respect to business ethics and corporate conduct;

- q) review periodically legal and regulatory requirements that, if breached, could have a significant impact on the Corporation's published fiscal reports or reputation. Inquire on the extent of compliance with those requirements;
- r) review with management the accuracy and timeliness of filings with regulatory authorities; and
- s) review annually general insurance coverage of the Corporation to ensure adequate protection of major corporate assets including but not limited to D&O coverage.

Annually, the Committee will review its Charter and, where appropriate, recommend changes to the Board of Directors.

IV. MEETINGS

- At least once a year, the Committee shall meet separately with management and with the external independent auditor.
- The external independent auditor of the Corporation will receive notice of every meeting of the Committee. The external independent auditor may also call a meeting of the Committee.
- The Board of Directors shall be kept informed of the Committee's activities by copies of minutes, at the next Board meeting following each Committee meeting or by a verbal report.

V. QUORUM

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee.

VI. DEFINITIONS

(in accordance with *National Instrument 52-110 – Audit Committees*)

“**Fiscally literate**” means “that the director 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 the Corporation’s financial statements.”

“**Control Person**” means “any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.”