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## 1. INTERPRETATION AND OBJECTIVES

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This Charter must be interpreted and applied jointly with the other charters and governance policies adopted by the Board.

This Charter sets forth the fundamental principles endorsed by the board of directors (the "Board") of TSO<sub>3</sub> (the "Corporation") which must take precedence in determining the formation and functioning of the Advisory committee (the "Committee").

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## 2. MANDATE

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The Advisory Committee gives its opinion and makes recommendations on strategic issues and research and development programs outlined by the Company's management. Such opinion may be sought by management on issues such as joint ventures and acquisitions and long term research and development planning (other topics may be requested at Management's request).

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## 3. COMPOSITION

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- 3.1 The Committee shall consist of at least three (3) members of the Board who are independent directors within the meaning of *Regulation 52-110 respecting Audit Committees* of the Canadian Securities Administrators. To fulfill out its mission the committee must always have the participation of the CEO.
  - 3.2 The members shall be appointed and removed by the Board.
  - 3.3 The members shall be appointed annually by the Board after the annual meeting of the shareholders of the Corporation.
  - 3.4 The Board shall name one of the directors as chair of the Committee. If the chair is absent from a meeting, the members present shall choose a member among them to act as chair of the meeting.
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- 3.5 Vacancies on the Committee shall be filled by the Board if it deems appropriate. The failure to fill a vacancy shall not invalidate the decisions of the Committee, provided that a quorum was reached.

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#### **4. QUORUM**

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- 4.1 A quorum is obtained by the presence at the meeting of a majority of the members of the Committee.
- 4.2 There must be a quorum for the entire duration of the meeting to enable the Committee members to validly deliberate and make a decision. However, where a member is temporarily absent from a Committee meeting, he or she is deemed to be present for purposes of establishing a quorum.

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#### **5. MEETINGS**

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- 5.1 Meetings of the Committee shall be held at the call of the chair at least twice (2) per year. Meetings may be called by the Committee chair or the chair of the Board; such notice may also be made to meet a special request of the management
- 5.2 The notice of meeting for each meeting shall be delivered to each member at least two (2) days before the meeting is held. A copy thereof shall be sent to the chief executive officer.
- 5.3 The Chair must ensure that minutes are kept for each committee meeting.
- 5.4 That chair of a Committee shall draw up the agenda, shall chair the meetings, and shall submit the reports and recommendations to the Board.
- 5.5 Meetings are held either in the presence of the members, by telephone conference call, or by written resolution signed by all of the Committee members.
- 5.6 The Committee has the duty and authority to appoint paid external advisors where necessary and, if costs exceed \$3,000.00 the approval of the Chairman of the Board shall be necessary.

- 5.7 The Committee may, if necessary, invite any person to attend any meeting and participate in the discussions and review of the Committee's business. The CEO and/or the CFO are automatically invited to attend all meetings and they should withdraw when there is a conflict of interest or an appearance of a conflict of interest.
- 5.8 The minutes of every Committee meeting, duly reviewed by the Committee chair and approved by the Committee, shall be kept in a special register maintained for this purpose at the Corporation's head office.
- 5.9 Once approved, the minutes of every Committee meeting shall be summarized by the Committee chair at a subsequent meeting of the Board.
- 5.10 The Committee members are entitled to receive compensation, as determined by the Board.

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## **6. COMPENSATION**

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Only Independent Board Members shall be eligible for compensation on Committee work. Such payment will comply with the Compensation Policy established by the Board of Directors for attending meetings by phone or in person.