

TERMS OF REFERENCE OF THE CHAIR OF THE AUDIT COMMITTEE

I. PURPOSE AND COMPOSITION

- A. The Chair's primary role is co-coordinating the affairs of the Audit Committee of the Board of Directors (the "Board of Directors" or the "Board") of Canadian Oil Sands Limited ("COSL") and acting as the main liaison between the Audit Committee and the Board in regards to updating and advising the Board of matters relating to the financial statements and financial disclosure as well as the effectiveness and design of internal disclosure controls and internal controls over financial reporting. The Chair must be a director who is independent. A Chair is "independent" if he or she is free from any direct or indirect relationship with COSL that, in the Board's view, would or could reasonably interfere with the exercise of his or her independent judgement. The Chair must be "independent" within the meaning ascribed thereto in National Instrument 52-110 *Audit Committees*, as amended from time to time. The Chair shall be a member of the Audit Committee.
- B. The Chair works with the Chief Financial Officer ("CFO") to assist in relation to matters involving financial information and internal controls.
- C. The Chair is appointed annually by and reports to the Board of Directors.

II. DUTIES AND RESPONSIBILITIES

A. Working with Management

The Chair has the responsibility to:

- i) provide guidance to the CFO on major issues and matters relating to accounting disclosure, financing, risk management and internal and disclosure controls as such risk management and internal and disclosure controls relate to the financial statements and financial matters so that there is a coordinated flow of information and understanding among management and the members of the Audit Committee in relation to these issues and matters;
- ii) communicate with the CFO regarding issues of the Audit Committee;
- iii) be the main contact between the Audit Committee and the external auditors and the internal auditors, if any; and

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- iv) work closely with the CFO to facilitate management strategies regarding financial disclosure, distributions and financial planning being accurately represented to the Audit Committee and to the Board.

B. Managing the Audit Committee and Coordination of Disclosure to the Board

The Chair has the responsibility to:

- i) chair Audit Committee meetings;
- ii) keep the Chairman of the Board updated on matters and issues raised at the Audit Committee and to communicate, on a regular basis, those matters and issues raised at the Audit Committee to the full Board;
- iii) establish the frequency of Audit Committee meetings and review such frequency from time to time, as considered appropriate or as requested by the Audit Committee, the Board or management;
- iv) assist the CFO and Corporate Secretary in the co-ordination of the agenda, information packages and related events for Audit Committee meetings;
- v) maintain a liaison and communication with all members of the Audit Committee to co-ordinate input from the members of the Audit Committee, and optimize the effectiveness of the Audit Committee;
- vi) facilitate open and frank discussions among the external auditors, the Audit Committee and management;
- vii) facilitate open and frank discussions among the internal auditors, the Audit Committee and management;
- viii) assist the Corporate Governance and Compensation Committee in determining the appropriate size and composition of the Audit Committee for approval by the Board;
- ix) call special meetings of the Audit Committee, where appropriate;
- x) hold regular in camera sessions at Audit Committee meetings; and

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- xi) review and approve the minutes of Audit Committee meetings for which he or she has acted as the chair.

III. REVIEW

The Chair of the Audit Committee as well as the Corporate Governance and Compensation Committee, with input by all Board members and management, will review these terms of reference at least annually or, where circumstances warrant, at such shorter interval as is necessary, to determine if further additions, deletions or other amendments are required.