

SCHEDULE "A"**AUDIT AND COMPENSATION COMMITTEE CHARTER**

The audit and compensation committee (the "**Committee**") will provide independent review and oversight of Imaflex Inc. (the "**Corporation**") financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors.

The Committee will also assist the Board of Directors in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. The Committee will review the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Corporation's business, operations and risks.

1. AUTHORITY

The Board of Directors authorizes the Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of Corporation's officers at meetings as appropriate.

2. ORGANIZATION**2.1. Membership**

- a. The Committee will be comprised of at least three directors, a majority of which are independent of management;
- b. The Chairman of the Committee will be nominated by the Committee from time to time. The secretary of the Committee will be such person as nominated by the Chairman;
- c. A quorum for any meeting will be two members.

2.2. Attendance at Meetings

- a. The Committee may invite such other persons to its meetings, as it deems appropriate;
- b. The external auditors may be present at each Committee meeting and be expected to comment on the financial statements in accordance with best practices;
- c. The Committee shall meet as frequently as required, and in compliance with Regulation 52-110 and related applicable laws. Special meetings shall be convened as necessary. External auditors may convene a meeting if they consider that it is necessary;
- d. Minutes of the proceedings of all meetings will be kept.

3. ROLES AND RESPONSIBILITIES

The Committee:

- 3.1. shall recommend to the board of directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
- 3.2. shall recommend the compensation of the external auditor;
- 3.3. shall be directly responsible for overseeing 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;
- 3.4. shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor;
- 3.5. shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the corporation publicly discloses this information;
- 3.6. shall 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 Corporation's financial statements, other than the public disclosure referred to in subsection 3.5, and must periodically assess the adequacy of those procedures;
- 3.7. shall establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- 3.8. shall review and approve the corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

SCHEDULE "B"

CORPORATE GOVERNANCE

Regulation 58-101 respecting Disclosure of Corporate Governance Practices requires the Corporation to annually disclose certain information regarding its corporate governance practices. Those practices are as follows.

Board of Directors

Joseph Abbandonato, the Chairman of the Board of Directors, President and Chief Executive Officer of the Corporation annually presents to the Board of Directors the proposed corporate strategies. The Board of Directors delegates to management the responsibility for the development of these strategies and holds itself responsible for the approval of the strategies finally adopted. In addition to those matters which must by law be approved by the Board of Directors, management is required to seek Board of Directors approval for significant acquisitions, divestitures and capital expenditures. Other matters of strategic importance to the Corporation or which impact significantly on the operations of the Corporation are brought to the Board of Directors' attention for its input, consideration and approval.

The Board of Directors oversees the identification of the principal risks of the Corporation's business and the implementation by management of appropriate systems to manage such risks. The Board of Directors reviews from time to time organizational matters such as succession planning. Given current management's tenure, their vast experience and low turnover, succession planning is not seen as critical at the present time by the Board of Directors.

The following directors are "independent" pursuant to Regulation 58-101 respecting Disclosure of Corporate Governance Practices since they qualify as "independent" directors, as such term is defined in Regulation 52-110 respecting Audit Committees: Michel Baril, Consolato Gattuso, Philip Nolan, Mario Settino and Lorne Steinberg. Under Regulation 52-110 respecting Audit Committees, even though Philip Nolan is qualified as an independent member when he sits on the Board of Directors, he is not considered as an independent member for the purpose of his work for the Audit and Compensation Committee of the Corporation.

The following directors are not independent for the reasons listed after their name: Joseph Abbandonato (President and Chief Executive Officer of the Corporation) and Tony Abbandonato (Vice President, Manufacturing of the Corporation).

1. Directorships

The following directors of the Corporation are presently a director of:

Director	Reporting Issuers
Michel Baril	Nemaska Lithium Inc. Monarques Gold Corporation

2. Orientation and Continuing Education

Reports and other documentation relating to the Corporation's business and affairs are provided to new directors. Board of Directors meetings are held at the Corporation's main site to give the directors additional insight into the Corporation's business and operations.

Orientation and education of directors is an ongoing matter. As such, ongoing informal discussions between management and members of the Board of Directors are encouraged and visits to the Corporation's operations are organized.

3. Ethical Business Conduct

The Corporation is committed to promote the highest standard of ethic and integrity in the pursuance of all of its activities

Furthermore, the directors, officers and employees of the Corporation are expected to act and to hold their office within the best interests of the Corporation. The Corporation expects from all directors to act in compliance with all laws and regulations applicable to their office as Director of the Corporation.

In the event any transactions or agreements occur in respect of which a Director or executive officer has a material interest, the matter must be initially reviewed by the Audit and Compensation Committee and is then submitted to the Board of Directors. The Board of Directors may implement any measures that it finds necessary in order to ensure the exercise of independent judgment. In the event a Director has a material interest in any transaction or agreement, such Director will abstain from voting in that regard.

4. Nomination of Directors

The Board of Directors of the Corporation does not feel it is necessary to increase the number of directors on the Board of Directors at this time.

Joseph Abbandonato, the Chairman of the Board of Directors, President and Chief Executive Officer of the Corporation seeks qualified candidates to be considered for nomination as directors. Proposed candidates are subject to review and approval by the Board of Directors.

Any new appointees or nominees to the Board of Directors must have a favourable track record in general business management, special expertise in areas of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve as a director.

5. Compensation

On an annual basis, Joseph Abbandonato, the Chairman of the Board of Directors, President and Chief Executive Officer of the Corporation and the Audit and Compensation Committee evaluate the adequacy of compensation of the directors. After sufficient review and analysis, the Audit and Compensation Committee recommends the remuneration of the directors to the Board of Directors for approval.

6. Other Board Committees

As of the date hereof, given the size of the Corporation, only the Audit and Compensation Committee was created by the Board of Directors.

7. Assessments

The Board of Directors of the Corporation has not established any formal procedures for assessing the performance of the Board of Directors or its committees and its directors individually. Generally, those responsibilities have been carried out on an informal basis by the Board of Directors itself. Furthermore, it is the view of the Board of Directors that, in light of its small size and the close and open relationship among its members, the formality of a committee would not be as effective as the current arrangement and is therefore unnecessary.