

Audit Committee – Terms of Reference

Role of the Audit Committee

The role of the Audit Committee (the “Committee”) is to assist the Board of Trustees in its oversight of:

- 1) the integrity of the financial and related information of Richards Packaging Income Fund (the “Fund”),
- 2) the internal controls and procedures for financial reporting and
- 3) the processes for monitoring compliance with legal and regulatory requirements,

and to review the independence, qualifications and performance of the external auditor of the Fund. Management is responsible for establishing and maintaining those controls, procedures and processes and the Audit Committee is appointed by the Board of Trustees to review and monitor the controls, procedures and processes.

Duties and Responsibilities

In carrying out its role, the Audit Committee has the following duties and responsibilities:

Financial Information and Reporting

- Review all financial statements and management discussions and analysis including, interim financial statements, annual audited financial statements, financial statements for use in prospectuses or other offering documents and statements required by regulatory authorities. Particular attention should be made to:
 - compliance with applicable accounting and auditing standards
 - any significant changes in accounting principles and practices
 - presentation and impact of significant transactions
 - material judgmental areas
- Review prior to release of all public disclosure documents containing audited and unaudited financial information extracted or derived from financial statements, including any earnings press release, annual information form and the management information circular.
- Review with management, the external auditors and if necessary with legal counsel, any litigation, claim or contingency, including income tax correspondence or assessments, that could have a material effect upon the financial position or operating results, and the manner in which these matters have been disclosed in the financial statements.

Internal Controls

- Review management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting systems.
- Review audit letters of the external auditors or summaries of material items in the letters and management's responses thereto.

External Audit

- Review the nomination of external auditors, and recommend external auditors to be appointed and the compensation of external auditors to the Board of Trustees. In this regard, it is noted that the external auditors are accountable to the Audit Committee as representatives of the Unitholders, but are also ultimately accountable to the Board of Trustees.
- Evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board of Trustees, if necessary, the replacement of the external auditor
- Pre-approve any non-audit services to be provided to the Fund and its subsidiaries by the external auditor and the fees for those services
- Review the nature and scope of the annual audit proposed by the external auditors and management.
- Review, at least annually, the relationships between the Fund and the external auditor in order to establish the independence of the external auditor.

Risk Management

- Review the adequacy of internal controls to ensure that business and other risks of the Fund and its subsidiaries are adequately managed.

Compliance

- Review the Fund's financial reporting procedures and policies to ensure compliance with all legal and regulatory requirements and to investigate any non-adherence to those procedures and policies.
- Oversee the investigation of allegations of fraud, illegal acts and conflicts of interest.

Other

- Retain or appoint, at the Fund's expense, any expert or advisor that the Committee deems necessary to fully perform its duties.

Composition and Procedures**Size**

The Audit Committee will consist of a minimum of three trustees. The members of the Committee are appointed and removed by the Board of Trustees in its discretion.

Qualification

All members of the Committee must be "unrelated Trustees" under National Instrument 52-110. All members of the Committee must be "financially literate", i.e. have the ability to read and understand a balance sheet, an income statement and a cash flow statement. At least one member of the Committee should have "accounting or related financial expertise", i.e. the ability to analyze and interpret a full set of financial statements, including the attached notes, in accordance with Canadian generally accepted accounting principles.

Meetings

The Committee will meet at least four times a year. The Committee will hold a portion of each meeting without the presence of management.

Review of Financial Statements

The Committee will review the Fund's annual audited and interim financial statements with the CEO and CFO.

Review of CEO and CFO Certification Process

In connection with the review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications with respect to financial statements and the Fund's disclosure and internal controls, including any material deficiencies or changes in those controls.

Evaluation

The Committee will conduct and present to the Board of Trustees an annual evaluation of the performance of the Committee and the adequacy of these terms of reference and recommend any proposed change to the Board of Trustees.