AUDIT COMMITTEE

TERMS OF REFERENCE

The following Audit Committee ("**Committee**") terms of reference (the "**Terms of Reference**") have been adopted by the Board of Directors (the "**Board**") of Cineplex Inc. (collectively, with its subsidiaries and affiliates, the "**Corporation**").

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The Committee consists of members of the Corporation's Board to assist the Board in its oversight activities. The purpose of the Committee is to assist the Board in fulfilling its responsibilities, which include the oversight and supervision of:

- the integrity of the Corporation's accounting and financial reporting practices and procedures;
- the adequacy of the Corporation's internal accounting controls and procedures;
- the quality and integrity of the Corporation's financial statements; and
- the independence and performance of the Corporation's external auditors (the "**Auditors**").

## 1. COMPOSITION

The Board shall elect the Committee annually from among its members. The Committee shall be composed of at least three members of the Board, who are each: (i) "independent directors" (as defined below) and (ii) "financially literate" (as defined below), or will become so within a reasonable period of time following his or her appointment to the Committee.

If a member of the Committee ceases to be an independent director for reasons outside that member's reasonable control, that member is exempt from the requirement to be an independent director until the later of: (a) the next annual meeting of the Board; or (b) the date that is six months from the occurrence of the event which caused the member to not be an independent director, provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

Where the death, disability or resignation of a member of the Committee has resulted in a vacancy on the Committee that the Board is required to fill, a member appointed to fill such vacancy is exempt from the requirements to be independent and financially literate for a period ending the later of: (a) the next annual meeting of the Corporation; and (b) the date that is six months from the day the vacancy was created, provided that the Board has determined that

appointing such member to the Committee will not have a material, adverse effect on the ability of the Committee to act independently.

## 2. REPORTS

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the Corporation's financial statements, its compliance with legal or regulatory requirements, and the performance and independence of the Auditors.

## 3. RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

### A. Financial Statements and Other Financial Information

The Committee shall:

(i) review the Corporation's annual audited financial statements and related documents prior to any public disclosure of such information;

(ii) review the Corporation's interim unaudited financial results and related documents prior to any public disclosure;

(iii) following a review, with management of the Corporation and the Auditors, of the annual and interim financial statements and related documents, recommend to the Board the approval of such financial statements and related documents;

(iv) review, with management of the Corporation and/or the Auditors, all critical policies and practices used, as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements, that may affect the Corporation's financial statements;

(v) review, with management of the Corporation and/or the Auditors, the treatment in the financial statements of any significant transactions, and other potentially difficult matters;

(vi) review a summary provided by the Corporation's legal counsel of the status of any material pending or threatened litigation, claims and assessments;

(vii) discuss the annual financial statements and the Auditors' report thereon with officers of the Corporation and the Auditors; and

(viii) review the other annual financial reporting documents, as well as management's discussion and analysis and earnings press releases, of the Corporation prior to any disclosure to the public.

### B. Financial Reporting Control Systems

The Committee shall:

(i) require management of the Corporation to implement and maintain appropriate internal controls, and use reasonable efforts to satisfy itself as to the adequacy of the Corporation's policies for the management of risk, the preservation of assets and the fulfillment of legislative and regulatory requirements;

(ii) annually review and report to the Board the development and adequacy of the Corporation enterprise risk management processes;

(iii) annually, in consultation with management, the Auditors and, if applicable, the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy and integrity of the Corporation's financial reporting processes and internal controls;

(iv) discuss significant financial risk, exposures and the steps management of the Corporation has taken to monitor, control and report such exposures;

(v) if applicable, meet separately with the officer or employee of the Corporation (or a subsidiary of the Corporation) responsible for the internal audit function to discuss any matters that the Committee or Auditors believe should be discussed in private;

(vi) annually review and report to the Board on organizational structure and succession planning and management development matters for the finance department of the Corporation;

(vii) submit to the Board any recommendations the Committee may have from time to time with respect to financial reporting, accounting procedures, policies and internal controls;

(viii) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;

(ix) review the management letter of the Auditors and the responses to suggestions made;

(x) review any new appointments to senior positions of the Corporation (or a subsidiary of the Corporation) with financial reporting responsibilities;

(xi) satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of the Corporation's financial information extracted or derived from the Corporation's financial statements (other than the financial statements, management's discussion and analysis and earnings press releases) and periodically assess the adequacy of those procedures;

(xii) 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 (or a subsidiary of the Corporation) of concerns regarding questionable accounting or auditing matters;

(xiii) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former Auditors of the issuer; and

(xiv) obtain assurance from Auditors regarding the overall control environment and the adequacy of accounting system controls.

C. External Auditor

The Committee shall:

(i) review the audit plan with the Auditors;

(ii) discuss in private with the Auditors matters affecting the conduct of their audit and other corporate matters;

(iii) review the performance and the remuneration of the Corporation's Auditors;

(iv) recommend to the Board, each year, the retention or replacement of the Auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;

(v) if there is a plan to change Auditors, review all issues related to the change and the steps planned for an orderly transition;

(vi) annually review and recommend for approval by the Board, the terms of engagement and the remuneration of the Auditors;

(vii) oversee the work of the Auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Auditors regarding financial reporting;

(viii) discuss, with the Corporation's Auditors, the quality of the Corporation's accounting principles;

(ix) meet with the Corporation's Auditors on a regular basis in the absence of management;

(x) relay its expectations to the Corporation's Auditors from time to time including its expectations that: (i) any disagreements of a material nature with management be brought to the attention of the Committee; (ii) the Auditors are accountable to the Committee and the Board, as representatives of the shareholders and must report directly to the Committee; (iii) any irregularities in the financial information must be reported to the Committee; (iv) the Auditors explain the process undertaken by them in auditing or reviewing the Corporation's financial disclosure; (v) the Auditors disclose to the Committee any significant changes to accounting policies or treatment of the Corporation; (vi) the Auditors disclose to the Committee any reservations they may have about the financial statements or their access to materials and/or persons in reviewing or auditing such statements; and (vii) the Auditors disclose any conflict of interest that may arise in their engagement;

(xi) review, at least annually, the non-audit services provided by the Auditors for the purposes of getting assurance that the performance of such services will not compromise the independence of the Auditors; and

(xii) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its Auditors[1] provided that the Committee may delegate to one or more of its independent members the authority to pre-approve non-audit services in satisfaction of this requirement. The pre-approval of non-audit services by any member of the Committee to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

4. STRUCTURE

a) The Committee shall appoint one of its members to act as Chair of the Committee (the "Chair"). The Chair will appoint a secretary who will keep minutes of all meetings (the "Secretary"). The Secretary does not have to be a member of the Committee or a member of the Board and can be changed by simple notice from the Chair;

b) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than four times per year. Meetings will be at the call of the Chair. Notwithstanding the foregoing, the Auditors of the Corporation or any member of the Committee may call a meeting of the Committee on not less than 48 hours' notice;

c) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum;

d) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a member of the Board. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of the Corporation's shareholders after his or her election as a member of the Committee;

e) The Auditors shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard thereat;

f) The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require;

g) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined

[1] The Committee may satisfy the pre-approval requirement if: (a) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent (5%) of the total amount of revenues paid by the Corporation to its Auditors during the fiscal year in which the services are provided; (b) the services were not recognized by the Corporation at the time of the engagement to be non-audit services; and (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

by the Committee, unless otherwise provided for in the bylaws of the Corporation, or otherwise determined by resolution of the Board; and

h) The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

5. INDEPENDENT ADVICE

a) In discharging its mandate, the Committee shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal, accounting or other advisors.

6. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

a) perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with these Terms of Reference; and

b) review and assess the adequacy of these Terms of Reference and recommend to the Board any improvements to the Terms of Reference that the Committee determines to be appropriate.

7. DEFINITIONS

a) "**financially literate**" means 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.

b) "**independent director**" means a Director who has no direct or indirect "material relationship" (as defined below) with the Corporation.

c) "**material relationship**" means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. Without limiting the generality of the foregoing, the following persons are considered to have a material relationship with the Corporation:

(i) a person who is, or has been within the last three years, an employee or executive officer of the Corporation, or any of its predecessor, subsidiary or affiliated entities;

(ii) a person whose immediate family member is, or has been within the last three years, an executive officer of the Corporation, or any of its predecessor, subsidiary or affiliated entities;

(iii) a person who is: (x) a partner[2] of the Corporation's internal or external auditor; (y) is employed by the firm that is the Corporation's internal or external auditor; or (z) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit (or that of its predecessor entity) within that time;

(iv) a person whose spouse, minor child or stepchild, or child or stepchild who shares a home with a person who: (i) is a partner of the firm that is the Corporation's internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit(or that of its predecessor entity) within that time;

(v) a person who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation's current executive officers serves or served at that same time on the entity's compensation committee;

(vi) a person who has a relationship with the Corporation or its affiliated entities pursuant to which such person may accept, directly or indirectly[3], any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any other Board committee, or as part-time chair or vice chair of the Board or any Board committee;

(vii) a person who received, or whose immediate family member who is employed as a member of executive management of the Corporation or any of its subsidiary entities received, more than $75,000 in direct compensation from the Corporation or its subsidiary entities during any 12 month period within the last three years, other than: (i) as remuneration for acting in his or her capacity as member of the Board or any Board committee; or (ii) as fixed amounts of compensation under a retirement plan for prior service with the Corporation or any of its subsidiary entities if the compensation is not contingent in any way on continued service; and

(viii) a person who is an affiliated entity of the Corporation or any of its predecessor or subsidiary entities.

Confirmed March 8, 2017

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[2] "partner" does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued services.

[3] The indirect acceptance by a person of a consulting, advisory or other compensatory fee includes acceptance of a fee by: (a) a person's spouse, minor child or stepchild or a child or stepchild who shares the person's home; or (b) an entity in which such person is a partner, member, an officer such as a managing director occupying a comparable position or executive officer or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in such case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary or affiliated entity of the Corporation.