



## **OLIVUT RESOURCES LTD.**

### **AUDIT COMMITTEE CHARTER**

#### **SECTION 1 PURPOSE**

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Olivut Resources Ltd. (the “**Company**”). The primary function of the Committee is to assist the Board in fulfilling their applicable roles by:

1. Recommending to the Board the appointment of the Chief Financial Officer or the Vice President Finance (if any) and the Controller (if any) of the Company;
2. Recommending to the Board the appointment and compensation of the external auditor;
3. Overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;
4. Pre-approving all non-audit services (or delegating such pre-approval, if and to the extent permitted by law) to be provided to the Company or its subsidiary entities (“subsidiaries”) by the external auditor;
5. Reviewing and approving the proposed hiring of any current or former partner or employee of the current and former external auditor of the Company or its subsidiaries;
6. Establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters;
7. Reviewing and recommending to the Board the approval of the annual and interim financial statements, the related Management Discussion and Analysis (“**MD&A**”), and other financial information provided by the Company to any governmental body or the public; and
8. Satisfying themselves that adequate procedures are in place for the review of the Company’s public disclosure of financial information, other than as described in (7) above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures.

The Committee should primarily fulfill these roles by carrying out the activities enumerated in this Charter.

## SECTION 2 COMPOSITION AND MEETINGS

1. The Committee should be comprised of a minimum of three directors, as appointed by the Board, each of whom shall be independent within the meaning of Multilateral Instrument 52-110 – *Audit Committees (“MI 52-110”)* of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.
2. A majority of members must be resident Canadians.
3. All members of the Committee should have (or must gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.
4. The members of the Committee and its Chair shall be elected by the Board on an annual basis, or until they are removed or their successors are duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
5. The members of the Committee may be removed or replaced by the Board at any time. The Chair may be removed by the Board or the Committee, in consultation with the Board, at any time. Any member shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as a quorum remains.
6. The Committee should meet at least four times annually, or more frequently as circumstances require. The Committee should meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and should meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A.
7. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor, and others as they consider appropriate. For greater certainty, corporate information includes information relating to the Company’s affiliates, subsidiaries and their respective operations.
8. In order to foster open communication, the Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Company’s interim financial statements.

9. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine, provided that a majority thereof are resident Canadians and provided further that the Chair is present.
10. Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board, the external auditor, the President and Chief Executive Officer, the Chief Financial Officer or the Vice President Finance or the Secretary shall be entitled to request that any member of the Committee call a meeting.

### **SECTION 3    ROLE**

In addition to the matters described in Section 1, the Committee should:

1. Determine any desired agenda items.
2. Review and recommend to the Board changes to this Charter, as considered appropriate from time to time.
3. Review the public disclosure regarding the Committee required by MI 52-110.
4. Summarize in the Company's annual report the Committee's composition and activities, as required.
5. Record minutes of its meetings and submit those to the whole Board on a timely basis.

#### **Documents/Reports Review**

6. Meet with management or external auditor or both to review the Company's annual budgets, and annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A.
7. Review other financial information of the Company provided to any governmental body or the public (including analysts and rating agencies), as they see fit.
8. Review and approve any financial information of the Company or its subsidiaries contained in any press release of the Company.
9. Seek to ensure that adequate procedures are in place for the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.
10. Review with management and the external auditor any correspondence with regulators or government agencies which raise material issues regarding the Company's financial statements or accounting policies.

## **External Auditor**

11. Recommend to the Board the selection of the external auditor, considering independence and effectiveness, and review the fees and other compensation to be paid to the external auditor. Instruct the external auditor that its ultimate client is not management.
12. Obtain confirmation from the external auditor that it is accountable to, and will report directly to, the Committee and the Board of Directors, and not to management of the Company.
13. Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.
14. Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Company, its management or employees to determine their independence.
15. Review and pre-approve all audit and non-audit services (including all internal-control-related services and any material management consulting or other engagement) to be performed by the external auditor and be advised of any other material study undertaken by the external auditor at the request of management that is beyond the scope of the audit engagement letter and related fees (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators).
16. At least annually, review the qualifications, performance and independence of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
17. Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
18. Communicate directly with the external auditor, and arrange for the external auditor to report directly to the Committee.
19. Communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the full Board as needed.

## **Financial Reporting Processes**

20. Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.
21. Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Company's accounting principles, financial disclosure practices and adequacy of internal controls, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and

- underlying estimates, and whether those principles are common practices or are minority practices.
22. Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
  23. Review all critical accounting policies and practices used, and consider proposed major changes to the Company's accounting principles and practices.
  24. Review the effect of new regulatory and accounting pronouncements.
  25. Review the effect of any material off balance sheet structures, arrangements and obligations (contingent or otherwise) on the financial statements.

### **Reporting Process**

26. If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
27. Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
28. Periodically consider the need for an internal audit function, if not present.
29. Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
30. Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
31. Where there are significant unsettled issues between management and the external auditors that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
32. Review with the external auditor and management significant findings during each quarter and year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
33. Review the system in place to seek to ensure that the financial statements, related MD&A and other financial information disseminated to governmental organizations and the public satisfy applicable requirements.

34. Review any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls reported to the Audit Committee in connection with the certification of forms by the CEO or the CFO for filing with applicable securities regulators.
35. Review the adequacy of the Company's internal accounting controls and management information systems and its financial and accounting personnel (including any fraud).

#### **Risk Management**

36. Review the Company's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

#### **General**

37. If considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of the Company) the compensation for any such advisors.
38. Perform any other activities as the Committee deems necessary or appropriate.
39. Conduct a review regularly of the performance of the Committee and its members, including compliance with this Charter.

### **SECTION 4 COMMITTEE COMPLAINT PROCEDURES**

#### **Submitting a Complaint**

1. Anyone may submit a whistle blower notice or complaint regarding conduct by the Company or its subsidiaries or their respective employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The Chair of the Committee should oversee the treatment of such complaints.

#### **Procedures**

2. The Chair of the Committee is designated to receive and administer or supervise the administration of employee complaints.
3. In order to preserve anonymity when submitting a complaint regarding questionable accounting or auditing matters, the employee may submit a complaint to the following confidential e-mail address: [craig.o.reith@gmail.com](mailto:craig.o.reith@gmail.com) or by Confidential Mail to: "*Personal and Confidential to be Opened by Addressee Only*" to Craig Reith, Director, Olivut Resources Ltd., 9 High Hill Road, General Delivery, Rosseau, ON POC 1J0.

#### **Investigation**

4. The Chair of the Committee should review and investigate the complaint. Corrective action should be taken when and as warranted.

### **Confidentiality**

5. The identity of the complainant and the details of the investigation should be kept confidential throughout the investigatory process.

### **Records and Report**

6. The Chair of the Committee should maintain a log of complaints, tracking their receipt, investigation, findings and resolution, and should prepare a summary report for the Committee.

## **SECTION 5 LIMITATIONS ON COMMITTEE'S DUTIES**

1. In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which they are otherwise subject as directors.
2. Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to prepare financial statements, to plan or conduct internal or external audits or to determine that the Company's financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to ensure compliance with the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.
3. The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company's securityholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Company or other liability whatsoever.

Reapproved by the Board of Directors the 9<sup>th</sup> day of December, 2020.