



## **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

### **1. Purpose of the Audit Committee**

- 1.1. The Audit Committee is a committee of the Board of Directors (the "Board") of Crystal Peak Minerals Inc. (the "Company").
- 1.2. The primary functions of the Audit Committee are to assist the Board in its oversight of the Company's financial statements, and other relevant public disclosures, to ensure the Company's compliance with legal, financial, and regulatory requirements relating to financial reporting; to perform a review of the external auditors' qualifications and independence; to evaluate the performance of the external auditors; and to evaluate internal audit functions.

### **2. Composition**

- 2.1. The Audit Committee shall consist of at least three directors.
- 2.2. The Board will appoint the members of the Audit Committee (the "Members") after the annual general meeting of shareholders of the Company each year.
- 2.3. The Members will be appointed to hold office until the next annual general meeting of shareholders of the Company, or until their successors are duly appointed.
- 2.4. The Board may remove a Member at any time and may fill any vacancy occurring on the Audit Committee.
- 2.5. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.
- 2.6. All Members must generally possess the skills or experience relevant to the mandate of the Audit Committee and shall have a general familiarity with accounting, finance, debt, and equity.
- 2.7. At least one Member must be "financially literate".
  - a) A "financially literate" director is a director who has 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 Company's financial statements.

- 2.8. A majority of the Members shall be "independent". An "independent" director is a director who has no direct or indirect material relationship with the Company.
  - a) A "material relationship" is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — Audit Committees ("NI 52-110").

### **3. Meetings**

- 3.1. The Audit Committee shall meet once quarterly, or more frequently as circumstances require.
- 3.2. Twenty-four (24) hours advance notice of each meeting will be given to each Member either orally, by telephone, by facsimile, or via email, unless all Members are present and waive notice; or if those absent waive notice before or after a meeting.
- 3.3. Members may attend meetings either in person or by conference call.
- 3.4. A quorum for the transaction of business at any meeting of the Audit Committee will be a majority of the Members, or such greater number as the Audit Committee shall by resolution determine.
- 3.5. Each Member shall have one vote. Decisions of the Audit Committee shall be made by an affirmative vote of the majority.
- 3.6. Powers of the Audit Committee may be exercised by a written resolution signed by all Members.
- 3.7. If present, the Audit Committee Chair will act as the Chair of meetings of the Audit Committee. If the Chair is not present, then the Members present may select one of their number to act as Chair of the meeting.
- 3.8. If the Board has selected the Chair of the Audit Committee, the Chair shall have a deciding or casting vote in the case of an equality of votes.



- 3.9. If the Members have designated the Audit Committee Chair by majority vote of the full membership of the Audit Committee, the Chair shall not have a deciding or casting vote in the case of an equality of votes.
- 3.10. The Audit Committee may invite external auditors, management, or any persons it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Audit Committee, or to provide information as necessary.
- 3.11. In advance of regular meetings of the Audit Committee, management shall distribute to the Members; and to others, as deemed appropriate by the Audit Committee Chair; an agenda of matters to be addressed at the meeting together with all materials requested by the Audit Committee as well as any appropriate briefing materials.

#### **4. Responsibilities and Duties**

- 4.1. Responsibilities and duties of the Audit Committee include:

- a) Appointment of External Auditors

The external auditors are the independent representatives of and accountable to the shareholders of the Company.

The Audit Committee shall nominate the external auditors for appointment, such nomination to be ratified by the Board of Directors before being placed before shareholders for approval.

The external auditors will be appointed each year by the shareholders of the Company at the annual general meeting of the shareholders.

- b) Establishing the Relationship with External Auditors

The Audit Committee will have direct access to the external auditors at all times. The external auditors shall report directly to the Audit Committee. The Audit Committee shall direct the actions of the external auditors and shall ensure that management cooperates fully with the external auditors in the course of carrying out their professional duties.

The Audit Committee shall ensure that the external auditors are able to complete their audit procedures and reviews with professional independence free from any undue interference from management or directors.



The Audit Committee may meet with the external auditors independently of the management of the Company at any time, acting reasonably.

The Audit Committee shall ensure that the external auditors are directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without necessarily reporting these enquiries or actions to the Board of Directors or to the management of the Company.

c) Evaluating Auditors

The Audit Committee will review the performance of the external auditors on at least an annual basis and notify the directors and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors; or any other accounting or auditing issues which come to the attention of the Audit Committee.

d) Establishing the Remuneration of the Auditors

The Audit Committee must recommend to the Board of Directors the compensation of the external auditor.

The remuneration of the external auditors will be determined by the Board of Directors upon the annual authorization of the shareholders at each annual meeting of the shareholders.

The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and International Financial Reporting Standards (IFRS) of Canada.

e) Determining and Approving Non-Audit Services

The external auditors are prohibited at all times from carrying out any of the following services while functioning as the external auditors of the Company:

- i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and
- ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a



director, officer or insider of any other entity not associated or related to the Company.

The external auditors are prohibited from providing any non-audit services to the Company without the express written consent of the Audit Committee.

In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

f) Funding of Auditing and Consulting Services

Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.

g) Termination of the Auditors

The Audit Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, if the Audit Committee reasonably deems such termination necessary.

h) Oversight of Internal Controls for The Company

The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored and that such internal controls are effective.

At this time, due to the Company's size and limited financial resources, the Chief Financial Officer of the Company, under the direction of the Audit Committee, shall be responsible for implementing internal controls and performing the role as the internal auditor to ensure that such controls are adequate and enforced.

i) Continuous Disclosure Requirements

At this time, due to the Company's size and limited financial resources, the Chief Financial Officer of the Company, under the direction of the Audit Committee, shall be responsible for ensuring that the Company's



continuous reporting requirements are met and in compliance with applicable regulatory requirements.

## **5. Independent Advisers**

- 5.1. The Audit Committee shall have the power to retain legal, accounting, or other advisors to assist the Committee.

## **6. Annual Review of Charter**

- 6.1. The Audit Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for consideration.