

**DAMON INC.**  
(the “Corporation”)

**Audit Committee Charter**

**Objectives**

The Corporation’s Audit Committee (the “**Audit Committee**”) will assist the Corporation’s Board of Directors (the “**Board of Directors**”) in fulfilling its oversight responsibilities for:

1. the system of internal control over financial reporting;
2. the audit process;
3. compliance with legal and regulatory requirements; and
4. the processes for identifying, evaluating and managing the Corporation’s principal risks impacting financial reporting.

**Membership**

The Board of Directors shall appoint annually from among its members an Audit Committee to hold office for the ensuing year or until their successors are elected or appointed (each, a “**Member**” of the Audit Committee).

Subject to any applicable phase-in periods, exceptions, or cure periods permitted under the securities laws and the Listing Rules of The Nasdaq Stock Market LLC (“**Nasdaq**”), the Audit Committee shall be composed of at least three directors, and not more than five directors, each of whom shall be “independent” and “financially literate” (as such terms are defined in National Instrument 52-110 – *Audit Committees*) and which satisfy the “independence” and other requirements of Rule 5605(c)(2)(A) of the Listing Rules of Nasdaq and meet the independence standards under Rule 10A-3 under the United States Exchange Act of 1934, as amended.

The Board of Directors may from time to time designate one of the Members of the Audit Committee to be the Audit Committee Chair and, unless otherwise determined by the Board of Directors, the Secretary of the Corporation shall be the Secretary of the Audit Committee.

**Meetings and Participation**

The Audit Committee shall meet at least once per quarter, or more frequently as circumstances dictate. Any Member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

Unless otherwise specified in the Corporation's Articles, the Audit Committee is subject to the same rules, *mutatis mutandis*, as the Board of Directors regarding meetings (including in-person meetings or meetings held by telephone or other similar communication methods), actions without meetings, notice, waiver of notice, and quorum and voting requirements.

### **Duties, Powers, and Responsibilities**

The Audit Committee is hereby delegated the following duties and powers, without limiting these duties and powers, the Audit Committee shall:

#### **(a) Financial Reporting**

- Review and recommend for approval to the Board of Directors the Corporation's annual financial statements (individually and collectively, the "**annual Financial Statements**"), accounting policies that affect the Financial Statements, annual Management Discussion and Analysis ("**MD&A**") and associated press release.
- Review and approve, or recommend for approval to the Board of Directors, the Corporation's quarterly financial statements (individually and collectively, the "**quarterly Financial Statements**", collectively with the annual Financial Statements, the "Financial Statements"), quarterly MD&A and associated press release.
- Review the Corporation's Annual Report for consistency with the financial disclosure referenced in the annual Financial Statements.
- Be satisfied as to the adequacy of procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from annual or quarterly Financial Statements and periodically assess the adequacy of such procedures.
- Review significant issues affecting financial reports.
- Review developments in the International Financial Reporting Standards ("**IFRS**") as issued by the IFRS Foundation and the International Accounting Standards Board (IASB) or U.S. Generally Accepted Accounting Principles ("**GAAP**") as issued by the Financial Accounting Standards Board (FASB) that could affect the Corporation.
- Understand how management develops interim financial information and the nature and extent of external audit involvement.
- In review of the annual and quarterly Financial Statements, discuss the quality of the Corporation's accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the Financial Statements.

- Review and approve any earnings guidance to be provided by the Corporation.

(b) **Internal and Disclosure Controls**

- Consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control.
- Review with the auditors any issues or concerns related to any internal control systems in the process of the audit.
- Review the plan and scope of the annual audit with respect to planned reliance and testing of controls and major points contained in the auditor's management letter resulting from control evaluation and testing.
- Establish and maintain complaint procedures regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Such procedures are appended hereto as Appendix A.
- Review with management, external auditors and legal counsel any material litigation claims or other contingencies, including tax assessments, and adequacy of financial provisions, that could materially affect financial reporting.
- Review with the Corporation's Chief Executive Officer and the Chief Financial Officer the Corporation's disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
- Discuss with the Corporation's Chief Executive Officer and the Chief Financial Officer all elements of certification required pursuant to National Instrument 52-109 and the Sarbanes-Oxley Act of 2002, as applicable.
- Review, approve and oversee all transactions between the Corporation and parties who are related to the Corporation to the extent required under applicable laws and rules of any applicable national securities exchange that the Corporation's securities are listed and traded on.

(c) **External Audit**

- Ensure the external auditors report directly to the Committee on a regular basis.
- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- Review and approve the audit plans, scope and proposed audit fees.
- Annually review the independence of the external auditors by receiving a report from the independent auditor detailing all relationships between them and the Corporation.
- Discuss with the auditors the results of the audit, any changes in accounting policies or practices and their impact on the financials, as well as any items that might significantly impact financial results.
- Receive a report from the auditors on critical accounting policies and practices to be used, all alternative treatments of financial information within IFRS or GAAP, as applicable to the Corporation, which have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the auditor.
- Receive an annual report from the auditors describing the audit firm's internal quality-control procedures, and material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the firm, and any steps taken to deal with any such issues.
- Ensure regular rotation of the lead partner and reviewing partner.
- Evaluate the performance of the external auditor and the lead partner annually.
- Recommend to the Board of Directors (i) 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, (ii) the compensation of the external auditor, and (iii) the termination of any external auditor, if necessary.
- Separately meet with the auditors, apart from management, at least once a year.

(d) **Non-Audit Services**

- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor. Pre-approval may be granted by any one Member of the Audit Committee.

(e) **Risk Management**

- Review and monitor the processes in place to identify and manage the principal risks that could impact the financial reporting of the Corporation.

- Review and approve corporate investment policies.
- Assess, as part of its internal controls responsibility, the effectiveness of the overall process for identifying principal business risks and report thereon to the Board of Directors.

(f) **Other Responsibilities and Matters**

- Report through its Chair to the Board of Directors following meetings of the Audit Committee.
- Review annually the adequacy of this Charter and confirm that all responsibilities have been carried out.
- Evaluate the Audit Committee's and individual Member's performance on a regular basis and report annually to the Board of Directors the result of its annual self-assessment.
- 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.
- Discuss the Corporation's compliance with tax and financial reporting laws and regulation, if and when issues arise.
- Ensure the Corporation provides appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

**Authority**

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors employed by the Audit Committee at the cost of the Corporation without obtaining approval of the Board of Directors, based on its sole judgment and discretion. The Audit Committee has the authority to communicate directly with the internal and external auditors of the Corporation.

**Effective Date:** [ ]

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## Appendix A

### **To Audit Committee Charter**

#### **Procedures for the Submission of Complaints or Concerns Regarding Accounting, Internal Accounting Controls or Auditing Matters**

1. The Corporation shall forward to the Audit Committee of the Board of Directors any complaints that it has received regarding accounting, internal accounting controls or auditing matters.
2. Any employee of the Corporation may submit, on a confidential, anonymous basis if the employee so desires, any concerns by sending such concerns in writing and forwarding them in a sealed envelope to:

Attention: Chair of the Audit Committee  
Damon Inc.  
704 Alexander Street, Vancouver, British Columbia, Canada, V6A 1E3.

The envelope is to be clearly marked, "To be opened by the Audit Committee only."

Any such envelopes shall be forwarded promptly to the Chair of the Audit Committee.

3. Contact information including a phone number and e-mail address shall be published for the Chair of the Audit Committee on the Corporation's website for those people wishing to contact the Chair directly.
4. At each of its meetings following the receipt of any information pursuant to this Appendix, the Audit Committee shall review and consider any such complaints or concerns and take any action that it deems appropriate in the circumstances.
5. The Audit Committee shall retain any such complaints or concerns along with the material gathered to support its actions for a period of no less than seven years. Such records will be held on behalf of the Audit Committee by the Audit Committee Secretary.
6. This Appendix A shall appear on the Corporation's website as part of this Charter.

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