



Title:	Audit Committee Charter		
Prepared by:	Audit Committee	Date last reviewed:	March 24, 2020
Approved by:	Board of Directors	Date approved:	March 24, 2020

1. PURPOSE

The Audit Committee (the “**Committee**”) of Karora Resources Inc. (the “**Company**”) has been established by the Board of Directors of the Company (the “**Board**”) for the purposes of assisting the Board in its oversight and evaluation of:

1.1 External Auditors

The external auditor’s qualifications, independence and performance of, and recommending to the Board the appointment of, the Company’s external auditor.

1.2 Risk Management

Risk management including the Company’s major financial risks and financial reporting exposure.

1.3 Financial Statements and Other Financial Information

The financial reporting process and the quality, transparency, integrity, timeliness and accuracy of the Company’s financial statements and other financial information provided by the Company to securities regulators, governmental bodies and/or the public.

1.4 Internal Controls, Disclosure Controls and Reporting

The Company’s internal controls over financial reporting. Reviewing any reports on internal control from the external auditors or third-party review of financial reporting.

1.5 Legal and Regulatory Compliance

The Company’s compliance with legal and regulatory requirements with respect to financial statements and financial reporting.

1.6 Non-Audit Services

Overseeing the non-audit services provided by the external auditor in accordance with the Company’s Audit and Non-Audit Services by External Auditors Policy.

1.7 Evaluation

Annually evaluating the performance of the Committee in light of the requirements of this Audit Committee Charter (the “**Charter**”).

2. COMPOSITION

2.1 Members

The Committee shall consist of as many members as the Board shall determine, but in any event, not fewer than three (3) members. The Board shall appoint the members of the Committee annually.

2.2 Qualifications

2.2.1 Each member of the Committee shall be an independent director of the Company within the meaning of National Instrument 52-110 - *Audit Committees*.

2.2.2 Each member of the Committee shall be financially literate, meaning each member, at the time of his/her appointment, as prescribed by applicable rules and regulations of securities regulatory authorities and/or stock exchanges.

2.3 Chair

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.

2.4 Removal and Replacement

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 on ceasing to be an independent director. The Board may fill vacancies on the Committee by election from among the Board. If, and whenever, vacancies shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains or a Reduced Quorum (defined below) is present in respect of a specific Committee meeting.

3. OPERATIONS

3.1 Meetings

The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four (4) times per year coinciding with the Company's financial reporting cycle. The Committee shall meet within forty-five (45) days following the end of each of the first three financial quarters and shall meet within ninety (90) days following the end of the financial year.

3.2 Independent Meetings

At each meeting of the Committee, the Committee members shall meet independently, with only members of the Committee, for at least a portion of the meeting. The Committee shall meet separately with the external auditor, at least quarterly. The Committee shall meet separately with management quarterly or as frequently as necessary or desirable. The Committee will keep minutes of its meetings which shall be available for review by the Board.

3.3 Quorum

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, then, at the discretion of the members then present, the quorum for the adjourned meeting shall consist of the members then present (a "**Reduced Quorum**").

3.4 Notice

Meetings of the Committee may be called by any member of the Committee, the Executive Chairman and CEO, the Lead Director of the Board (the "**Lead Director**") (if appointed) or the CFO of the Company. Not less than twenty-four (24) hours notice shall be given, provided that notice may be waived by all members of the Committee.

3.5 Participation

Members may participate in a meeting of the Committee in person or by means of telephone, web conference or other communication equipment. The Committee may invite such other directors, officers and employees of the Corporation and such other advisors and persons as is considered advisable to attend any meeting of the Committee. For greater certainty, the Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

3.6 Agenda

The Chair of the Committee, with the assistance of the CFO, shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall be, to the extent practical, communicated to members of the Committee sufficiently in advance of each meeting to permit meaningful review. The Committee will keep minutes of its meetings which shall be available for review by the Board. Except in exceptional circumstances, draft minutes of each meeting of the Committee shall be circulated to the Committee for review within 14 days following the date of each such meeting.

3.7 Voting

Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all of the members of the Committee (including in counterparts, by facsimile or other electronic signature) and any such action shall be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee

called for such purpose. In case of an equality of votes, the matter will be referred to the Board for decision.

3.8 Report to the Board

The Committee shall report regularly, which shall be at least quarterly, to the entire Board. The Chair of the Committee shall prepare and deliver the report to the Board. The Committee's report by the Chair may be a verbal report delivered to the Board at a duly called Board meeting.

3.9 Assessment of Charter

The Committee shall review and reassess the adequacy of this Charter on an annual basis or as required and recommend any proposed changes to the Board for approval.

4. CHAIR

4.1 The Chair should:

- 4.1.1 provide leadership to the Committee and oversee the functioning of the Committee;
- 4.1.2 chair meetings of the Committee (unless not present), including in-camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations and decisions of the Committee and otherwise at such times and in such manner as the Chair considers advisable;
- 4.1.3 ensure that the Committee meets at least four times per financial year of the Corporation, and otherwise as is considered advisable;
- 4.1.4 in consultation with the Chairman of the Board, the Lead Director, if any, and the members of the Committee, establish dates for holding meetings of the Committee;
- 4.1.5 set the agenda for each meeting of the Committee with input from other members of the Committee, the Chairman of the Board, the Lead Director, if any, and any other appropriate individuals;
- 4.1.6 ensure that Committee materials are available to any director upon request;
- 4.1.7 act as a liaison, and maintain communication, with the Chairman of the Board, the Lead Director, if any, and the Board to co-ordinate input from the Board and to optimize the effectiveness of the Committee;
- 4.1.8 report annually to the Board on the role, mandate, and effectiveness of the Committee, in respect of contributing to the objectives of the Board and the Corporation;
- 4.1.9 assist the members of the Committee to understand and comply with the responsibilities contained in this mandate;
- 4.1.10 foster ethical and responsible decision making by the Committee;

- 4.1.11 oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
- 4.1.12 ensure appropriate information is requested from the officers of the Corporation and is provided to the Committee to enable it to function effectively and comply with this mandate;
- 4.1.13 ensure that appropriate resources and expertise are available to the Committee;
- 4.1.14 ensure that the Committee considers whether any independent counsel or other experts or advisors retained by the Committee are appropriately qualified and independent in accordance with applicable laws;
- 4.1.15 facilitate effective communication between the members of the Committee and the officers of the Corporation;
- 4.1.16 attend, or arrange for another member of the Committee to attend, each meeting of the shareholders of the Corporation to respond to any questions from shareholders that may be asked of the Committee; and
- 4.1.17 perform such other duties as may be delegated to the Chair by the Committee or the Board from time to time.

5. RESPONSIBILITIES

5.1 Auditor Qualification and Independence

- 5.1.1 The Committee shall be directly responsible for overseeing the work of the external auditor for the purpose of issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- 5.1.2 The Committee shall review and evaluate the external auditor's independence, experience, qualification and performance and determine whether the external auditor should be appointed or re-appointed and make a recommendation to the Board for the external auditor to be nominated for appointment or re-appointment by the shareholders.
- 5.1.3 The Committee shall pre-approve or approve, if permitted by law, the appointment of the external auditor to provide any audit and audit-related services or non-prohibited non-audit services and, if desired, establish detailed policies and procedures for the pre-approval of audit and audit-related services and non-prohibited non-audit services by the external auditor, including procedures for the delegation of authority to provide such approval to one or more members of the Committee.
- 5.1.4 The Committee shall review the terms of the external auditor's engagement and the appropriateness and reasonableness of the proposed audit fees.
- 5.1.5 The Committee shall obtain and review with the lead audit partner of the external auditor, at least quarterly as the Committee considers appropriate, a report by the external auditor:

- (a) describing the external auditor's internal quality control procedures;
- (b) describing any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any inquiry, review or investigation by governmental, regulatory or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditor, and any steps taken to deal with any issues raised in any such review;
- (c) describing all relationships between the external auditor and the Company in order to assess the external auditor's independence; and
- (d) confirming that the external auditor has complied with applicable laws with respect to the rotation of members of the audit engagement team.

5.1.6 The Committee shall review and evaluate the lead audit partner of the external auditor.

5.1.7 The Committee shall pre-approve the hiring of any partner, employee or former partner and employee of the external auditor who was a member of the Company's audit team during the preceding two fiscal years. In addition, the Committee shall pre-approve the hiring of any partner, employee or former partner or employee of the external auditor within the preceding two fiscal years for senior positions within the Company, regardless of whether that person was a member of the Company's audit team.

5.2 Financial Statements and Related Disclosure

5.2.1 The Committee shall meet with the external auditor as frequently as the Committee feels is appropriate to fulfill its responsibilities, which will not be less than quarterly, to discuss any items of concern to the Committee or the external auditor, including:

- (a) planning and staffing of the audit;
- (b) any material written communication between the external auditor and management;
- (c) whether or not the auditor is satisfied with the quality and effectiveness of financial reporting procedures and systems;
- (d) whether or not the external auditor has received the full co-operation of management;
- (e) the external auditor's views as to management's competency in preparing the Company's financial statements;
- (f) the items required to be communicated to the Committee in accordance with the generally accepted auditing standards;
- (g) all critical accounting policies and practices to be used by the Company;

- (h) all material alternative treatments of financial information within International Financial Reporting Standards (IFRS) that have been discussed with management, ramifications of the use of these alternative disclosures and treatments and the treatment preferred by the external auditor; and
 - (i) any difficulties encountered in the course of the audit or review work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with management and management's response.
- 5.2.2 The Committee shall review and, where appropriate, recommend for approval by the Board, the following:
- (a) audited annual financial statements;
 - (b) interim financial statements;
 - (c) annual and interim management discussion and analysis of financial condition and results of operation;
 - (d) annual and interim news releases respecting financial condition and results of operation; and
 - (e) all other audited or unaudited financial information contained in public disclosure documents;
- 5.2.3 The Committee shall review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- 5.2.4 The Committee shall review the effectiveness of management's policies and practices concerning financial reporting and any proposed changes in major accounting policies.
- 5.2.5 The Committee shall review with management, and any outside professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.
- 5.2.6 The Committee shall review with management any related party transactions and ensure such related party transactions are appropriately disclosed.
- 5.3 Internal and Disclosure Controls and Reporting**
- 5.3.1 The Committee shall review the adequacy of the internal controls over financial reporting that has been adopted by the Company and any special steps adopted in light of significant deficiencies or material weaknesses.
- 5.3.2 The Committee shall review disclosures made to the Committee by the Company's Executive Chairman and CEO and CFO during their certification process for quarterly and annual securities law filings about any significant deficiencies or material weaknesses in

the design or operation of the Company's internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information or disclosure controls, and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting or disclosure controls.

- 5.3.3 The Committee shall review and confirm with management that material financial information about the Company that is required to be disclosed under applicable law and stock exchange rules is disclosed, and review the public disclosure of financial information extracted or derived from the Company's financial statements.
- 5.3.4 The Committee shall review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- 5.3.5 The Committee shall oversee a whistleblower policy that provides an effective mechanism for the provision by employees and other applicable stakeholders of any concerns or other feedback, and for communication of any such concerns or feedback to the Board.

5.4 Legal and Regulatory Compliance

- 5.4.1 The Committee shall, as it determines appropriate, obtain reports from management that the Company is in compliance with applicable legal requirements and shall review with management any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial reporting of which the Committee is made aware.
- 5.4.2 The Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 5.4.3 The Committee shall review any required disclosure in public documents with respect to the Committee and its functions, including the disclosure required in the Annual Information Form under National Instrument 52-110.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight function.

6. AUTHORITY

6.1 Delegation

The Committee has the power to delegate its authority and duties to a subcommittee or individual members of the Committee, as it deems appropriate.

6.2 Advisors

The Committee may retain, and determine the fees of, independent counsel and other advisors, in its sole discretion.

6.3 Access to Records and Personnel

In discharging its oversight role, the Committee shall have full access to all Company books, records, facilities and personnel.

6.4 Clarification of Audit Committee's Role

The Committee's responsibility is one of oversight. It is the responsibility of the Company's management to prepare financial statements in accordance with applicable law and regulations and of the Company's external auditor to audit or review those financial statements. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Committee by such persons or organizations.