



**MDA SPACE LTD.**  
**Charter of the Audit Committee**

Approved by the Board of Directors effective January 1, 2022, as amended on November 10, 2022 and August 7, 2024

## CHARTER OF THE AUDIT COMMITTEE

This Charter of the Audit Committee (the “**Charter**”) was adopted by the board of directors of MDA Space Ltd. (the “**Corporation**”) on January 1, 2022, as amended on November 10, 2022 and August 7, 2024.

### 1. Purpose

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of the Corporation. The members of the Committee and the chair of the Committee (the “**Chair**”) are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Corporation’s financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

### 2. Composition

The Committee should be comprised of a minimum of three directors of the Corporation.

All members of the Committee must (except to the extent permitted by NI 52-110 – *Audit Committees*, as it may be amended or replaced from time to time (“**NI 52-110**”)) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries.

All members of the Committee must be financially literate (which is defined as 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).

Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

### 3. Limitations on Committee’s Duties

In contributing to the Committee’s discharge of its duties under this Charter, each member of the Committee will 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 any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (a) the integrity of the persons and organizations from whom they receive information, (b) the accuracy and completeness of the information provided, (c) representations made by the Chief Executive Officer and each of the other individuals who are from time to time appointed to offices of the Corporation by resolution of the Board (together with the Chief Executive Officer, collectively, the “**Executive Officers**”) as to the non-audit services provided to the Corporation by the external auditor, (d) financial statements of the Corporation represented to them by an Executive Officer or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (e) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

### 4. Meetings

The Committee shall meet regularly, but not less frequently than quarterly. A quorum for the transaction of business at any meeting of the Committee will be a majority of the members of the Committee or such greater number as the

Committee will by resolution determine. The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Chief Financial Officer and the Director, Internal Audit are required to attend all meetings of the Committee.

The Committee may ask the Executive Officers and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with the Executive Officers, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with the Executive Officers, the Director, Internal Audit, and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with the Executive Officers quarterly in connection with the Corporation's interim financial statements. The Committee shall hold executive sessions without management present at each Committee meeting.

The Chair will determine any desired agenda items in consultation with the members of the Committee, the Chief Financial Officer, and the Director, Internal Audit.

## **5. Committee Activities**

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

### **A. Financial Disclosure**

- (a) Review and recommend for Board approval the Corporation's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and, if applicable, the related management's discussion & analysis and press release;
- (b) Review and recommend for Board approval the Corporation's annual financial statements, including, if applicable, any certification, report, opinion or review rendered by the external auditor, the annual information form and the related management's discussion & analysis and press release;
- (c) Review and recommend for Board approval any other material press releases that contain financial information and such other financial information of the Corporation provided to the public or any governmental body as the Committee requires;
- (d) Satisfy itself that adequate procedures have been put in place by the Executive Officers for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related management's discussion & analysis;
- (e) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee; and
- (f) Receive periodically reports from the Executive Officers assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

**B. Internal Control and Oversight of the Corporation's Enterprise and Financial Risk Management**

- (a) Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major enterprise and financial risk exposures and the guidelines, policies and practices regarding enterprise and financial risk assessment and management, including the Corporation's processes for identifying, assessing and managing an effective and comprehensive risk management framework that covers financial, operational, and strategic risks (including regarding those risks related to information security, cyber security and data protection), and crisis management and business continuity planning, and the steps taken by the Corporation to monitor and control such risk exposures;
- (b) Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and practices regarding enterprise and financial risk assessment and management and the Corporation's progress in remedying any material deficiencies thereto;
- (c) Review the effectiveness of the internal control systems for monitoring compliance with financial disclosure matters, enterprise and financial risk management, laws and regulations;
- (d) Review with the Executive Officers the credit worthiness, liquidity and important treasury matters including financial plans and strategies of the Corporation;
- (e) Review the Corporation's tax strategy, including its tax planning and compliance with applicable tax laws;
- (f) Review with the Executive Officers any hedging strategy that may be in place from time to time, including with respect to foreign exchange and interest rate hedging, financial or physical, intended to manage, mitigate or eliminate risks relation to foreign exchange and interest rate fluctuations;
- (g) Receive periodical reports from the Executive Officers assessing the adequacy and effectiveness of the Corporation's internal control systems;
- (h) Assess the overall effectiveness of the internal control and enterprise risk management frameworks through discussions with the Chief Financial Officer, the Director, Internal Audit, other applicable Executive Officers, and the external auditors and assess whether recommendations made by the Chief Financial Officer, the Director, Internal Audit or the external auditors have been effectively implemented by the Executive Officers;
- (i) Review an annual report on the Executive Officers' implementation and maintenance of an appropriate enterprise wide risk management process from the Director, Internal Audit; and
- (j) To obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the Committee will:
  - (A) oversee management's processes and controls for the prevention, detection and prosecution of fraud;
  - (B) ensure that appropriate action is taken against known perpetrators of fraud; and
  - (C) challenge the Executive Officers and internal and external auditors to ensure that the Corporation has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

**C. Relationship with the External Auditor**

- (a) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor;
- (b) Have the authority to communicate directly with the external auditor independent of management, and arrange for the external auditor to be available to the Committee and the Board as needed;
- (c) Advise the external auditor that it is required to report to the Committee and not to the Executive Officers;
- (d) Monitor the relationship between the Executive Officers and the external auditor, including reviewing any Executive Officer letters or other reports of the external auditor discussing any material differences of opinion between the Executive Officers and the external auditor, and resolving disagreements between the external auditor and the Executive Officers;
- (e) Review and discuss with the external auditor all critical accounting policies and practices to be used in the Corporation's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor;
- (f) Review any material issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Corporation's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
- (g) If considered appropriate, establish separate systems of reporting to the Committee by each of the Executive Officers and the external auditor;
- (h) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Corporation, the Executive Officers, the external asset manager or employees that might interfere with the independence of the external auditor;
- (i) Approve all non-audit services provided by the external auditor and the associated fees (or delegate such approval, as the Committee may determine and as permitted by applicable laws) in accordance with the Board Administrative and Approval Guidelines dated March 16, 2022 (as amended on May 9, 2022, and as may be further amended from time to time);
- (j) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant;
- (k) Periodically consult with the external auditor without the Executive Officers present about (i) any significant risks or exposures facing the Corporation, (ii) internal controls and other steps that the Executive Officers have taken to control such risks, and (iii) the fullness and accuracy of the financial statements of the Corporation, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper; and (iv) and any other matters deemed appropriate by the Committee; and
- (l) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Corporation that worked on the Corporation's account.

**D. Audit Process**

- (a) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The

Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable;

- (b) Following completion of the annual audit and quarterly reviews, review separately with each of the Executive Officers 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;
- (c) Review any significant disagreements among the Executive Officers and the external auditor in connection with the preparation of the financial statements;
- (d) Where there are significant unsettled issues between the Executive Officers and the external auditor that do not affect the audited financial statements, the Committee will seek to ensure that there is an agreed course of action leading to the resolution of such matters;
- (e) Review with the external auditor and the Executive Officers significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
- (f) If applicable, review the system in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements; and
- (g) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity.

**E. Oversight of Internal Audit Activity**

- (a) Review and approve the annual internal audit plan, including the charter, staffing, scope and objectives of the internal audit activity, and receiving regular reports on the internal audit results and access to all internal audit reports, including the status of all findings;
- (b) Annually review the budget of the internal audit activity;
- (c) Annually review the performance and independence of the internal audit activity;
- (d) Inquire of the Director, Internal Audit about steps taken to ensure that the internal audit activity conforms with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards); and
- (e) Review the results of an independent external quality assurance review, performed every five years by a qualified assessor or assessment team, of the internal audit activity's conformance with The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) and monitor the implementation of the internal audit activity's action plans to address any recommendations.

**F. Financial Reporting Processes**

- (a) Review the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor;
- (b) Approve any changes to the internal auditor, if applicable, or to the reporting lines of the internal auditor;
- (c) Review all material financial statement issues, off balance sheet issues, material contingent obligations and material related party transactions; and

- (d) Review with the Executive Officers and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with the Executive Officers, the ramification of their use and the external auditor's preferred treatment and any other material communications with the Executive Officers with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

**G. Pension/Retirement Plans**

- (a) Review and oversee the Corporation's pension plans, the coverage afforded by the plans and changes to the plans;
- (b) Review the funding policies for the Corporation's defined benefit plans and where appropriate, recommend the Board's approval of these policies;
- (c) Review the level of the Corporation's contributions to its defined contribution plans and any proposed changes thereto and where appropriate recommend approval of such changes to the Board;
- (d) Overseeing the Corporation's administration of each of the pension plans in accordance with the terms of the plans and applicable law;
- (e) Review compliance with minimum funding requirements (if any) prescribed by applicable law and the policies and procedures in place in respect thereof, including requisitioning and reviewing actuarial reports;
- (f) Review and monitor the investment of pension fund assets (in the case of a defined benefit plan), including the policies and procedures in place in respect thereof; and
- (g) Review and monitor the performance of the investment managers chosen by the Executive Officers, including the process established for the selection, retention or replacement of any investment manager or advisors.

**6. General**

- (a) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business;
- (b) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform;
- (c) Annually review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter;
- (d) If applicable, review the public disclosure regarding the Committee required from time to time by NI 52-110;
- (e) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors;
- (f) Review in advance, and consult in, the hiring and appointment of the Corporation's internal auditor, if applicable; and
- (g) Perform any other activities as the Committee or the Board deems necessary or appropriate.

**7. Complaint Procedures**

- (a) In accordance with the procedures contained in the Corporation's Whistleblower Policy, anyone may submit a complaint regarding conduct by the Corporation or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing, ethical or other matters which such person believes is in violation of the Corporation's Code of Business Conduct and Ethics;
- (b) The Committee should endeavour to keep the identity of the complainant confidential;
- (c) All complaints will be directed to the Chair who will have the power and authority to lead the review and investigation of a complaint in accordance with the procedures contained in the Corporation's Whistleblower Policy. The Committee should retain a record of all complaints received;
- (d) The General Counsel, Vice President Legal & Corporate Secretary will provide the Committee with a status review of all complaints and report to the Committee (and where appropriate, to the Board of Directors) on a quarterly basis with respect to the investigation and evaluation of all active complaints, as well as on any proposed remedial action or disciplinary action;
- (e) The Committee will serve as the primary point of escalation for any matters involving internal accounting controls, auditing, ethical violations or other material matters; and
- (f) The Committee will annually review the Corporation's whistleblower reporting process.