



5N PLUS

**5N Plus Inc.
Audit and Risk Management Committee
Charter**

Amended November 2, 2021

OBJECTIVES

The Board of Directors (the “**Board**”) of 5N Plus Inc. (the “**Company**”) has established an Audit and Risk Management Committee (the “**Committee**”) to assist the Board in fulfilling its oversight responsibilities regarding:

- the integrity of the Company’s accounting and financial reporting;
- the design, implementation and evaluation of internal controls over financial reporting and disclosure controls;
- the Company’s legal and regulatory compliance;
- the identification and management of the Company’s risks;
- the qualifications, independence and appointment of the external auditor;
- the performance of the Company’s internal auditor and external auditor;
- the Company’s whistleblower and complaint procedures; and
- the additional matters described herein or as may be delegated to the Committee by the Board from time to time.

COMPOSITION

Following each annual meeting of shareholders, the Board shall appoint a minimum of three independent directors, including the chair of the Committee (the “**Chair of the Committee**”) to be members of the Committee. The members of the Committee will be selected by the Board on the recommendation of the Governance and Compensation Committee (the “**Governance Committee**”).

The Committee shall consist solely of independent Directors (as defined by NI 52-110), all of whom shall be financially literate, and at least one of whom shall be an audit committee financial expert, as defined in accordance with applicable securities laws and standards of stock exchange on which the Company’s securities are listed. Committee members have a duty to immediately notify the chair of the Board if he or she ceases to meet the qualifications for Committee membership for any reason.

Any member may be removed and replaced at any time by the Board and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above or ceases to be a director.

CHAIR OF THE COMMITTEE

At the first meeting of the Board following the annual meeting of shareholders, and upon the recommendation of the Governance Committee, the Board will appoint one member of the Committee to serve as Chair of the Committee.

MEETINGS

The Committee will meet at least once each quarter and otherwise as necessary. The Audit Committee has authority to convene additional meetings, as circumstances require.

Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Audit Committee shall determine. The Audit Committee may meet by telephone conference or by any other means permitted by law or the Company's by-laws.

Notice of each meeting shall be given to each member, the external auditor, the Chairman of the Board, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company, any or all of whom shall be entitled to attend.

Each of the CEO, the CFO, the Internal Auditor and the external auditor shall be entitled to request that the Chair of the Committee call a meeting.

The Chair of the Committee shall approve the agenda for the meetings and ensure the supporting materials are properly prepared and circulated to members with sufficient time.

All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no Director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.

Opportunities should be afforded periodically to the external auditor and, as the case may be, to the internal auditor and the senior management to meet separately with the Committee. In addition, the Committee may meet in-camera session, without management present, including management directors, whenever the Committee determines that it is appropriate to do so.

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee, one of which shall be the Chair of the Committee, unless otherwise determined from time to time by resolution of the Board. A quorum once established is maintained even if members of the Committee leave the meeting prior to conclusion. Subject to the foregoing requirement, unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

If the Chair of the Committee is absent from a meeting, the members shall select a chairperson from those in attendance to act as chair of the meeting.

The Chair of the Committee (or, in the absence of the Chair, the acting Chair) shall appoint a person to act as secretary of the meetings. Minutes of the Committee meetings shall be recorded and maintained by the Corporate Secretary, or any other person acting in such capacity, and subsequently presented to the Audit Committee members for approval.

The Committee shall have the authority to retain consultants as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee at the Company's expense.

The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether the Director is a member of the Committee.

RESPONSIBILITIES AND DUTIES

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate. This is the responsibility of management and the external auditor. Nor is it the duty of the Committee to conduct investigations, or to assure compliance with laws and regulations.

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

FINANCIAL REPORTING

Prior to public disclosure, the Committee will review and recommend to the Board, for approval:

- a) the Company's annual and interim financial statements and related management's discussion and analysis, and earnings press releases;
- b) earnings guidance, if any;
- c) all other material financial documents of the Company, including prospectuses and the annual information form; and
- d) the compliance of management certification of financial reports with applicable legislation and attestation of the Company's disclosure controls and procedures.

In its review, the Committee will:

- a) review unusual or extraordinary items, transactions with related parties, and adequacy of disclosures, asset and liability carrying values, income tax status and related reserves, qualifications, if any, contained in letters of representation and business risks, uncertainties, commitments and contingent liabilities;
- b) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and shall periodically assess the adequacy of those procedures;
- c) discuss with management and with the external auditor, the appropriateness of the Company's major accounting principles and policies, and any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- d) review material valuation issues;
- e) review material matters relating to audits of subsidiaries; and
- f) review general accounting trends and issues of accounting policy, standards and practices which affect or may affect the Company.

INTERNAL CONTROLS

The Committee shall review and monitor the Company's internal control procedures and policies and assess the adequacy and effectiveness of internal controls over the accounting and financial reporting systems.

The Committee shall review:

- a) with management and the external auditor, the adequacy and the effectiveness of the internal controls and the reliability of the financial information disclosed;
- b) the procedures to ensure compliance with the law and avoidance of conflicts of interest;
- c) the evaluation by the external auditor of management's internal controls systems, and management's responses to any identified weaknesses that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws and regulations; and
- d) the appointment of the Chief Financial Officer and any key financial executives involved in the financial reporting process.

INTERNAL AUDITOR

The Committee, in its capacity as a committee of the Board will carry out the following responsibilities with regard to the internal audit function:

- a) review and approve the appointment of the internal auditor, where appropriate and in conjunction with management, remove the internal auditor from office;
- b) review and consider the mandate, annual objectives and performance evaluation of the internal auditor;
- c) oversee the work of the internal auditor including reviewing and approving the internal annual audit plan, and updates thereto;
- d) review the reports of the internal auditor on the status of significant internal audit findings, recommendations and management's responses including follow-up to any identified weakness and review any other reports of the internal auditor;
- e) review the adequacy of the Company's internal audit resources; and
- f) meet regularly with the internal auditor in the absence of management to establish internal audit independence, the level of co-operation received from management, the degree of interaction with the external auditor, and any unresolved material differences of opinion or disputes.

The internal auditor will report quarterly to the Committee on the results of internal audit activities and will also have direct access to the Chair of the Committee as well as all officers of the Company, particularly the CEO.

EXTERNAL AUDITOR

The external auditor is ultimately accountable to the Committee and shall report directly to the Committee. The Committee shall oversee the work of the external auditor including the resolution of disagreements, if any, between management and the external auditor regarding financial reporting and shall make recommendations to resolve such disagreements. In the event that any such disagreement persists, the matter will be referred by the Committee to the Board for a final determination.

Specifically, the Committee will:

- a) recommend to the Board, the appointment or reappointment, of the external auditor and the compensation of such auditor;
- b) when a change of external auditor is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by regulations and the planned steps for an orderly transition;
- c) review and recommend to the Board, the terms of the external auditor's annual engagement letter and the proposed fees, as well as the compensation of any advisors retained by the Committee;
- d) review and pre-approve any non-audit services to be provided by the external auditor to the Company or its subsidiaries and consider the potential impact of such services on the independence of the external auditor;
- e) review the post-audit or management letter containing the recommendations of the external auditor, and management's response and subsequent follow-up to any identified weakness;
- f) review in consultation with the external auditor, the audit scope and plan of external auditor;
- g) review any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- h) meet regularly with the external auditor in the absence of management and the internal auditor about internal controls and the fullness and accuracy of the Company's financial statements;
- i) at least annually, review and report to the Board on the independence of the external auditor and obtain a report from the external auditor delineating all significant relationships between the external auditor and the Company. When discussing auditor independence, the Committee will consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a number of years and establishing hiring policies for employees or former employees of its external auditor;
- j) at least annually, obtain and review a report by the external auditor describing the auditor's quality-control procedures and any material issues arising from the periodic quality control review and any steps taken to deal with any such issues;
- k) review the performance of the external auditor and the effectiveness of the external audit process and report the Committee's findings to the Board; and
- l) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

RISK MANAGEMENT

The Committee will review, report and, where appropriate, make recommendations to the Board:

- a) the Company's major financial risk exposures and the steps taken to monitor and control such exposure;
- b) reports on business continuity, disaster recovery planning and external threat/hazard monitoring for the Company;
- c) monitor and evaluate the Company's insurance programs and the liability insurance coverage for the directors and officers (annually and as required);
- d) assurances of compliance with covenants in trust deeds or loan agreements;
- e) review incidents of fraud, illegal acts, and actual and potential conflicts of interest.

- f) the disclosure policy of the Company and recommend any material changes thereto to the Board for approval; and
- g) the quality and accuracy of computerized accounting systems, the adequacy of the protections against damage and disruption, and security of confidential information through information systems reporting.

RELATED PERSON TRANSACTION APPROVAL

The Committee shall review and approve or ratify any “related person transaction” that is required to be disclosed in the Company’s management proxy circular or information statement. Any member of the Committee that is a “related person” with respect to any such transaction, shall not participate in the review and approval or ratification of such transaction, but may provide information relating thereto if requested by the Committee.

COMPLIANCE WITH LEGAL REQUIREMENTS

The Committee will ensure that the Company has in place adequate procedures for:

- a) the receipt, retention and treatment of complaints or concerns, including those regarding accounting, internal controls or audit matters; and
- b) the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters.

The Committee will review any legal matters that may have a significant impact on the financial statements, the Company’s compliance policies and any material reports or inquiries received from regulators or government agencies.

The Committee shall conduct and authorize investigations into any matters within the Committee’s scope of responsibilities.

OTHER RESPONSABILITIES

The Committee will review the expenses of the Board and CEO.

Together with the Governance Committee, the Committee will carry out annually an assessment of its performance.

The Committee will perform any other activities consistent with this charter, the Company’s by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

COMMITTEE COMPENSATION

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may determine from time to time.

REVIEW OF CHARTER OF THE COMMITTEE

The Committee will review the adequacy of this charter on an annual basis and report any recommendations for change to the Governance Committee.