



## **AUDIT COMMITTEE CHARTER**

### **A. PURPOSE**

The primary function of the Audit Committee (the "Committee") of Euro Sun Mining Inc. (the "Company") is to assist the Board of Directors of the Company (the "Board") in fulfilling its oversight responsibilities, relating to each of the:

- (a) Company's accounting and financial reporting process and systems of internal accounting and financial controls;
- (b) quality and integrity of the Company's financial statements;
- (c) Company's compliance with legal and regulatory requirements; and
- (d) independence and performance of the Company's external auditor.

### **B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Board shall appoint the members and the Chair of the Committee each year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
2. The Committee shall consist of at least three members of the Board all of whom shall be independent in accordance with the securities laws, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces and territories of Canada, and the stock exchanges on which the Company's securities are listed, including without limitation the Toronto Stock Exchange and also including all and any rules, regulations or laws applicable by virtue of any listing of the Company's securities on any of the exchanges maintained by the London Stock Exchange plc. (collectively, "Securities Laws"), subject to any exemptions provided thereunder.
3. All Committee members shall be financially literate as defined by Securities Laws. The Chair of the Board shall be an ex-officio member of the Committee.
4. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.
5. The Corporate Secretary of the Company shall be the secretary of the Committee, unless otherwise determined by the Committee.
6. The Committee shall meet at least four times annually on such dates and at such locations as may be determined by the Chair and may also meet at any other time or times on the call of the Chair, the external auditor or any two of the other Committee members.

7. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. The Committee may also act by unanimous written consent of its members.
8. The external auditor or any two Directors may request the Chair to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to the external auditor or such Directors, and may participate in such meeting.
9. Notice of the time and place of every meeting shall be given in writing or by e-mail communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
10. The Chair shall develop the Committee's agenda, in consultation with the other members of the Committee, the Board and management, as necessary. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
11. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee shall, attend a meeting of the Committee. The external auditor shall receive notice of and have the right to attend all meetings of the Committee.
12. The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).
13. The external auditor shall have a direct line of communication to the Committee through the Chair and may bypass management if deemed necessary. The external auditor shall report to the Committee and is ultimately accountable to the Board and the Committee.
14. The Committee, through its Chair, may contact directly the external auditor, the internal auditor, if any, and any employee of the Company as it deems necessary.
15. In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Company, to the Company's legal counsel and to such other information respecting the Company as it considers necessary or advisable in order to perform its duties and responsibilities.
16. The Committee shall annually assess its performance and review this charter and the calendar of activities, attached as Appendix A, and submit any recommended changes thereto for approval by the Board.

#### **C. OUTSIDE CONSULTANTS AND ADVISORS**

The Committee, when it considers it necessary or advisable, may retain, at the Company's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve the fees and other retention terms for such persons.

#### **D. ROLES AND RESPONSIBILITIES**

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities as outlined in the "Purpose" section of this charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.

The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee as outlined in the "Purpose" section of this charter.

The Committee shall carry out the duties set forth below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. The Committee's principal responsibility is one of oversight. The Company's management is responsible for preparing the Company's financial statements and ensuring their accuracy and completeness, and the Company's external auditor is responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not required to provide any expert or special assurance as to the Company's financial statements or any professional certification as to the external auditor's work.

## **1. Overall Duties and Responsibilities**

The overall duties and responsibilities of the Committee shall be to:

- (a) assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of the Company's accounting policies and principles, reporting practices and internal controls;
- (b) assist the Board in the discharge of its responsibilities relating to compliance with disclosure requirements under applicable Securities Laws, including approval of the Company's annual and quarterly consolidated financial statements together with the Management's Discussion and Analysis;
- (c) oversee the work of and to establish and maintain a direct line of communication with the Company's external auditor and internal auditor (if any) and assess their performance;
- (d) ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal controls; and
- (e) report regularly to the Board on the fulfillment of its duties and responsibilities.

## **2. Public Filings, Policies and Procedures**

The Committee is charged with the responsibility to:

- (a) review and approve for recommendation to the Board:
  - (i) the annual audited financial statements, with the report of the external auditor, Management's Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;
  - (ii) the interim unaudited financial statements, Management's Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;
  - (iii) financial information in earnings press releases;
  - (iv) the annual information form;
  - (v) prospectuses; and
  - (vi) financial information in other public reports and public filings, including but not limited to the *Extractive Sector Transparency Measures Act* annual report and the Company's annual Sustainability Report, if applicable, requiring approval by the Board;

- (b) ensure adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the Company's disclosure controls and procedures, and management's evaluation thereof, to ensure that financial information is recorded, processed, summarized and reported within the time periods required by law;
- (c) review disclosures made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process for any statutory documents about any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in internal controls; and
- (d) review with management and the external auditor:
  - (i) significant variances in actual financial results for the applicable period from budgeted or projected results;
  - (ii) any actual or proposed changes in accounting or financial reporting practices;
  - (iii) any significant or unusual events or transactions and the methods used to account for significant or unusual transactions where different approaches are possible;
  - (iv) any actual or potential breaches of debt covenants;
  - (v) the consistency of, and any changes to, accounting policies both on a year to year basis and across the Company;
  - (vi) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments;
  - (vii) the presentation and impact of significant risks and uncertainties;
  - (viii) the accuracy, completeness and clarity of disclosure in the Company's financial reports and the context in which statements are made;
  - (ix) any tax assessments, changes in tax legislation or any other tax matters that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (x) any litigation, claim or other contingency that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (xi) all material information presented in the Management's Discussion and Analysis;
  - (xii) material communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;
  - (xiii) any fraud, illegal acts, deficiencies in internal controls or other similar issues;
  - (xiv) general accounting trends and issues of auditing policy, standards and practices which affect or may affect the Company; and

- (xv) any correspondence with securities regulators or other regulatory or government agencies which raise material issues regarding the Company's financial reporting or accounting policies.

### **3. Internal Controls, Risk Management and Compliance**

The duties and responsibilities of the Committee as they relate to the Company's internal controls, risk management and compliance are to:

- (a) evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal controls and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;
- (b) review the adequacy, appropriateness and effectiveness of the Company's policies and business practices which impact on the integrity, financial and otherwise, of the Company, including those relating to hedging, insurance, accounting, cybersecurity, information services and systems, financial controls, management reporting and risk management;
- (c) receive an annual report from management on tax issues and planning, including compliance with the Company's source deduction obligations and other remittances under applicable tax or other legislation;
- (d) receive a report on the annual policy attestation process for, and review exceptions, if any, under the Company's Code of Business Conduct and Ethics, Anti-Bribery, Anti-Corruption and Sanctions Compliance Policy, Corporate Disclosure and Insider Trading Policy, Whistleblower Policy, Safety & Health Policy, Environmental & Community Policy and Human Rights Policy;
- (e) review compliance with, issues arising from and consider any changes required or recommended to the Company's Whistleblower Policy, Information Technology Acceptable Use Policy and Information Technology Security Compliance Policy;
- (f) review any issues between management and the external auditor that could affect the financial reporting or internal controls of the Company;
- (g) periodically review the Company's accounting and auditing policies, practices and procedures and the extent to which recommendations made by the external auditor have been implemented;
- (h) review annually the adequacy and quality of the Company's financial and accounting staffing, including the need for and scope of internal audit reviews (if any);
- (i) review annually with the external auditor any significant matters regarding the Company's internal controls and procedures over financial reporting, including any significant deficiencies or material weaknesses in their design or operation, that have come to their attention during the conduct of their annual audit, and review whether internal control recommendations made by the external auditor have been implemented by management;
- (j) receive report from management on the identification, assessment and management of new material financial risks in the Company's risk register and report to the Board in respect thereof;
- (k) review and recommend for approval by the Board the appointment of the Chief Financial Officer and review the appointment of any other key financial executives involved in the financial reporting process;

- (l) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,and review any such complaints and concerns received and the investigation and resolution thereof, including without limitation the review of all complaints and concerns of any nature under the Whistleblower Policy; and
- (i) review and approve related party transactions.

#### **4. External Auditor**

The duties and responsibilities of the Committee as they relate to the external auditor shall be to:

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the annual meeting of shareholders, in relation to the appointment, re-appointment or removal of the Company's external auditor;
- (b) oversee the selection process for a new external auditor if required, and if an external auditor resigns the Committee shall investigate the issues leading to such resignation and decide whether any action is required;
- (c) oversee the relationship with the external auditor, including without limitation to:
  - (i) recommend to the Board for approval the engagement of the external auditor for interim reviews and the remuneration for the audit and interim reviews and to assess whether fees for audit or non-audit services are appropriate to enable an adequate audit to be conducted;
  - (ii) review the terms of engagement for the external auditor and review any engagement letter issued at the start of each audit and the scope of the audit;
  - (iii) assess annually the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services, which assessment shall include receipt of a report from the external auditor delineating all relationships between the external auditor and the Company;
  - (iv) assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on its own internal quality procedures;
  - (v) satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business);
  - (vi) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Company; and

- (vii) monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- (d) review with the external auditor, upon completion of the audit and interim reviews:
- (i) contents of the report;
  - (ii) scope and quality of the audit work performed;
  - (iii) adequacy of the Company's financial and auditing personnel;
  - (iv) co-operation received from the Company's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Company;
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles and management systems;
  - (viii) the quality, acceptability and integrity of the Company's accounting policies and principles;
  - (ix) the non-audit services provided by the external auditor;
  - (x) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;
  - (xi) the management letter and management's response to the external auditor's findings and recommendations;
- and report to the Board in respect of the foregoing and on such other matters as they consider necessary;
- (e) implement structures and procedures to ensure that the Committee meets with the external auditor on a regular basis in the absence of management in order to review any difficulties encountered in carrying out the audit and to resolve disagreements between the external auditor and management; and
- (f) pre-approve the retention of the external auditor for any non-audit services and the fee for such services.

The Committee may satisfy the pre-approval requirement in subsection (f) if:

- (i) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the services are provided;
- (ii) the services were not recognized by the Company at the time of the engagement to be non-audit services; and
- (iii) the services are promptly brought to the attention of the Committee and are approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members the authority to pre-approve non-audit services provided that the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

For greater certainty, the external auditor shall report directly and be responsible to the Audit Committee.

5. **Internal Audit Function (if applicable) / Internal Controls**

The duties and responsibilities of the Committee as they relate to the internal audit function (if applicable) / controls shall be to:

- (a) review and approve the annual internal audit plan or N.I. 52-109 internal control testing report prepared by external consultant;
- (b) review the significant findings prepared by the internal auditor / external 52-109 internal control testing consultant and recommendations issued by any external party relating to internal audit issues, together with management's response thereto;
- (c) review the adequacy of the resources of the internal audit function (if applicable) and not just external consultant used to test controls) to ensure the objectivity and independence of the internal audit function;
- (d) consult with management on management's appointment, replacement, reassignment or dismissal of any personnel engaged in the internal audit function (if applicable);
- (e) ensure that the individual responsible for the internal audit function (if applicable) has access to the Chair of the Committee, the Chair of the Board, the Chief Executive Officer and the Chief Financial Officer, and periodically meet separately with such individual to review any problems or difficulties he or she may have encountered and specifically:
  - (i) any difficulties that were encountered in the course of the internal audit work, including restrictions on the scope of activities or access to required information and any disagreements with management;
  - (ii) any changes required in the planned scope of the internal audit



- (iii) the internal audit function's responsibilities, budget and staffing; and
- (f) report to the Board on each of the foregoing matters.

**APPENDIX A**

**AUDIT COMMITTEE –  
CALENDAR OF ACTIVITIES**

Description of Activity	Feb/March	May	August	November	As Needed
<p><u>At each meeting:</u></p> <p>Approve minutes of last meeting</p> <p>Review of current issues in accounting, financial reporting and audit</p> <p>Report from external auditor (approval of non-audit services &amp; fees, if required)</p> <p>Report from internal auditor (if applicable)</p> <p>Report on new material financial risks and report to the Board in respect thereof</p> <p>Report on:</p> <ul style="list-style-type: none"> <li>• Hedging</li> <li>• Investments</li> <li>• Marketable securities</li> <li>• Foreign exchange</li> <li>• Professional fees</li> </ul> <p>In-camera session with external auditor and internal auditor (if applicable)</p>	X	X	X	X	
<b>Public Filings, Policies and Procedures</b>					
<p>Receive a report on:</p> <ul style="list-style-type: none"> <li>• Critical accounting policies, significant estimates, alternative treatments of financial information and material communication between management and external auditor</li> <li>• Any changes in accounting policies, trends or practices or financial reporting practices and requirements that may affect the financial statements</li> <li>• Any material tax assessments, changes or other tax issues</li> <li>• Any material pending or threatened litigation, claims and assessments that could have a material impact on the Company's financial position</li> <li>• Presentation, impact of or changes to significant risks and uncertainties</li> <li>• Any actual or potential breaches of debt covenants</li> </ul>	X	X	X	X	

Description of Activity	Feb/March	May	August	November	As Needed
Review material or highly complex accounting matters/issues, including matters that require significant management estimates and judgments	X	X	X	X	
Review financial statement certification process	X	X	X	X	

Description of Activity	Feb/March	May	August	November	As Needed
Review the annual financial statements and the external auditor's report thereon and related MD&A and press release, and recommend approval of such documents to the Board	X				
Review the annual information form and other annual public information documents, and recommend approval of such documents to the Board	X				
Review the <i>Extractive Sector Transparency Measures Act</i> annual report, if applicable, and recommend approval of such document to the Board		X			
Review interim financial statements and the external auditor's report thereon and related MD&A and press release, and recommend approval of such documents to the Board		X	X	X	
Review disclosure controls and procedures and integrity of financial reporting process			X		
Annual report on tax issues and planning				X	
Review any correspondence from securities regulators or other agencies regarding financial reporting or accounting policies					X
Review key finance policies					X
<b>Internal Controls, Risk Management and Compliance</b>					
Review management's report on effectiveness of internal control over financial reporting and the external auditor's report on management's assessment	X				
Review the external auditor's significant audit/interim review findings and management's responses to suggestions made	X	X	X	X	
Review adequacy of financial and accounting staff	X	X	X	X	
Review hedging and credit programs and policies	X	X	X	X	
Obtain assurance from the external auditor regarding the overall control environment and the adequacy of accounting system controls	X				

Description of Activity	Feb/March	May	August	November	As Needed
Receive report on annual attestation of, and review exceptions, if any, to Environmental, Social, Governance (“ESG”) Policies: <ul style="list-style-type: none"> <li>• Code of Business Conduct and Ethics</li> <li>• Anti-Bribery, Anti-Corruption and Sanctions Compliance Policy</li> <li>• Corporate Disclosure and Insider Trading Policy</li> <li>• Whistleblower Policy</li> <li>• Safety &amp; Health Policy</li> <li>• Environmental &amp; Community Policy</li> <li>• Human Rights Policy</li> </ul>	X				
Review insurance programs		X			
Review procedures for receipt and treatment of complaints regarding accounting controls or auditing matters and confidential, anonymous submission of concerns regarding accounting or auditing matters			X		
Review Whistleblower Policy and Information Technology policies			X		
Review adequacy of cybersecurity practices, plans and controls				X	
Review any reports under the Whistleblower Policy					X

Description of Activity	Feb/March	May	August	November	As Needed
Review any new appointments to senior positions with financial reporting responsibilities, including the Chief Financial Officer					X
Review any instances of fraud or illegal activities					X
Review any compliance issues that could impact financial statements					X
Review any new reporting standards and requirements under applicable securities laws and stock exchange listing standards					X
<b>External Auditor</b>					
Receive report on audit/interim reviews from external auditor	X	X	X	X	
Discuss in private with the external auditor matters affecting the conduct of their audit, interim reviews and other corporate matters	X	X	X	X	
Recommend to the Board the appointment of the external auditor for approval by the shareholders	X				
Review of external auditor, including independence and auditor's report on relationships with the Company and the auditor's internal quality procedures; review policy on hiring employees and former employees of the external auditor			X		

Description of Activity	Feb/March	May	August	November	As Needed
Review the audit plan with the external auditor and recommend the audit fees for approval by the Board; recommend to the Board the engagement of the external auditor for the interim reviews and related fees			X		
Review and approve engagement of the external auditor for non-audit services					X
Review any related party transactions					X
<b>Governance Matters</b>					
Review results of Committee self-evaluation			X		
Review Committee charter and calendar of activities			X		
Review Diversity of the Committee			X		
<b>Internal Auditor (if applicable)</b>					
Receive the report of the internal auditor (if applicable) or external consultant				X	
Approve the internal audit plan (if applicable) for the ensuing year				X	