
AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Queen's Road Capital Investment Ltd. (the "**Company**"), the primary function of which is to assist the Board in its oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, controls around releases containing financial information, financial reporting and statements and to recommend, for approval of the Board, or to approve, the audited financial statements and interim financial statements.

The primary objectives of the Committee are as follows:

- (a) to assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Company and related matters;
- (b) to oversee the work of the external auditors;
- (c) to provide better communication between directors and external auditors;
- (d) to enhance the external auditors' independence;
- (e) to increase the credibility and objectivity of financial reports; and
- (f) to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and the external auditors.

2. RESPONSIBILITY OF MANAGEMENT AND EXTERNAL AUDITORS

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The external auditors' responsibility is to audit the Company's financial statements and provide their opinion, based on their audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

3. MEMBERSHIP AND ORGANIZATION

- (a) **Composition:** The Committee shall be comprised of not less than three members of the Board.
- (b) **Independence:** The Committee shall be composed entirely of "independent" directors, as such term is defined in National Instrument 52-110 ("NI 52-110") and any applicable stock exchange rules, each as may be amended or replaced from time to time (collectively referred to as the "**Independence Rules**").
- (c) **Appointment and Removal of Committee Members:** Each member of the Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board or until the earlier of: (i) the close of the next annual meeting of the shareholders of the Company at which the member's term of office expires; (ii) the death of the member; or (iii) the resignation, disqualification or removal of the member from the Committee or from the Board. The Board may fill any vacancy in the membership of the Committee.
- (d) **Financial Literacy:** All of the members of the Committee shall be "financially literate" within the meaning used in NI 52-110 or a member who is not financially literate must become so within a reasonable period of time following his or her appointment.
- (e) **Chair:** At the time of the annual appointment of the members of the Committee, the Board shall appoint a chair of the Audit Committee (the "**Chair**") from among the members of the Committee. The Chair shall preside over all Committee meetings, coordinate the Committee's compliance with this Charter, work with management to develop the Committee's annual work plan and provide reports of the Committee to the Board. The Chair may vote on any matter requiring a vote. In the case of an equality of votes, the Chair shall be entitled to a second or casting vote. The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Committee or as requested by the Board, on matters arising at Committee meetings and, where applicable, shall present the Committee's recommendation to the Board for its approval.
- (f) **Meeting Procedures:** A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of the majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

4. FUNCTIONS AND RESPONSIBILITIES

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by its governing corporate statute, any requirements of stock exchanges on which the securities of the Company are listed, and all other applicable laws.

- (a) **Oversee External Auditors:** The Committee shall oversee the work of the external auditors, including reviewing any significant disagreements between management

and the external auditors in connection with the preparation of financial statements. Periodically, at least annually, the Committee shall meet separately with management and the external auditors.

- (b) **Internal Controls:** The Committee shall monitor the system of internal control. The Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Committee shall consider and review with management and the external auditors:
- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
 - (ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
 - (iii) reports made under the Company's Whistleblower Policy and the resolution thereof during the current period;
 - (iv) any material issues raised by any inquiry or investigation by the Company's regulators; and
 - (v) any related significant issues and recommendations of the external auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.
- (c) **Review Financial Statements:** The Committee shall review the annual and interim financial statements of the Company and related management's discussion and analysis ("MD&A") prior to their approval. The process should include but not be limited to:
- (i) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
 - (ii) reviewing significant accruals, reserves or other estimates;
 - (iii) reviewing any "related party" transactions, with related party having the meaning ascribed to it by Canadian securities regulations;

- (iv) reviewing accounting treatment of unusual or non-recurring transactions;
 - (v) ascertaining compliance with covenants under loan agreements;
 - (vi) reviewing disclosure requirements for commitments and contingencies;
 - (vii) reviewing unresolved differences between management and the external auditors;
 - (viii) obtain explanations of significant variances with comparative reporting periods; and
 - (ix) reviewing any legal matters which could significantly impact the financial statements as reported on by the legal counsel and meet with outside counsel whenever deemed appropriate.
- (d) **Public Disclosure:** The Committee shall review the financial statements, MD&A, annual information forms, management information circulars and any prospectuses as well as all public disclosure containing audited or unaudited financial information before release and prior to Board approval.
- (e) **Interim Financial Statements:** The Committee shall review the interim financial statements and disclosures and obtain explanations from management as required. After completing its review of the interim financial statements, if advisable, the Committee shall, if so authorized by the Board, approve the interim financial statements and the related MD&A, or if not so authorized by the Board, then approve and recommend them for approval by the Board.
- (f) **Hiring Policies:** The Committee shall review and approve the Company's hiring policies regarding the hiring of partners, employers and former partners and employees of the present and former external auditors of the Company.
- (g) **Appointment of External Auditors:** With respect to the appointment of external auditors by the Board, the Committee shall:
- (i) recommend to the Board the appointment of the external auditors for approval by the shareholders at the Company's annual meeting of shareholders;
 - (ii) recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
 - (iii) on an annual basis, obtain from the external auditors a formal written statement delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*). Review and discuss with the

external auditors all significant relationships such auditors have with the Company to determine the auditors' independence;

- (iv) review the performance of the external auditors;
 - (v) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - (vi) review and approve in advance any non-audit services to be provided to the Company or its subsidiaries by the external auditors and consider the impact on the independence of such auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Committee may delegate to one or more members the authority to approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.
- (h) **Evaluation and Rotation of Lead Partner:** At least annually, the Committee shall review the qualifications and performance of the lead partners of the external auditors. The Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- (i) **Review with External Auditors:** Review with external auditors (and internal auditor if one is appointed by the Company) their assessment of the internal controls of the Company, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Company and its subsidiaries.
- (j) **Risk Policies and Procedures:** The Committee shall review risk management policies and procedures of the Company (e.g. hedging, litigation and insurance), regarding current areas of great financial risk and whether management is managing these effectively.
- (k) **Treatment of Complaints/Submissions:** The Committee shall review and approve the establishment by management of procedures for the receipt, retention and treatment of complaints received by the Company from employees or others, regarding accounting, internal accounting controls, or auditing matters. The procedures will provide for the confidential, anonymous submission by the Company employees of concerns regarding questionable accounting or auditing matters.

- (l) **Investigations:** The Committee shall have the authority to investigate any financial activity of the Company. All employees of the Company are to cooperate as requested by the Committee.
- (m) **Retain Experts:** The Committee may retain independent counsel, persons having special expertise and/or obtain independent professional advice to assist in fulfilling their responsibilities at the expense of the Company without any further approval of the Board. The Committee has the authority to set, and have the Company, pay the compensation for any such persons engaged by the Committee.
- (n) **Advising Board:** The Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- (o) **Updates to Charter:** The Committee shall annually review and recommend to the Board any updates to this Charter. All changes to this Charter shall be approved by the Board.
- (p) **Legal Compliance:** The Committee shall confirm that the Company's management has the proper review system in place to ensure that the Company's financial statements, reports, press releases and other financial information satisfy legal requirements. The Committee will review with the Company's legal counsel any legal matter that the Committee understands could have a significant impact on the Company's financial statements.
- (q) **Fraud Prevention and Detection:** The Committee shall have the authority to oversee and assess management's controls and processes to prevent and detect fraud; receiving periodic reports on findings of fraud as well as significant findings regarding the design and/or operation of internal controls and management processes.

5. LIMITATION OF RESPONSIBILITY

While the Audit Committee has the responsibilities and powers provided by this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with IFRS. This is the responsibility of management (with respect to whom the Audit Committee performs an oversight function) and the external auditors.

6. ADOPTION OF THE AUDIT COMMITTEE CHARTER

This Charter was last reviewed, revised, adopted and approved by the Board of Directors of the Company on May 7, 2020.