

## AUDIT COMMITTEE

**Effective Date:** 14 Jan. 2023

### **Purpose and Objective:**

The Audit Committee ("Committee") established by the Board of Directors of Silveroc Mines Limited ("The Corporation") serves to support the Board in its oversight responsibilities pertaining to the Corporation's financial accounting, reporting process, and internal controls. In fulfilling its duties, the Committee and its members are committed to adhering to applicable legal, regulatory, and listing requirements, including those from stock exchanges, the Canada Business Corporations Act, and relevant securities regulatory bodies.

### **Composition:**

The Audit Committee shall comprise three or more directors, chosen by the Board of Directors, with each member being financially literate and "independent" as defined by pertinent securities laws and exchange standards for audit committee functions. Members should possess the capability to comprehend the Corporation's financial statements, including statements of financial position, income, cash flow, and any related notes. Members are appointed during a Board meeting following the annual shareholders' meeting and serve until the appointment of successors, subject to resignation, removal by the Board, or cessation as Corporation directors. The Board may replace members at any time, and vacancies can be filled by a majority vote of the Board. If the Committee Chair is not designated by the Board, the Committee members can elect a chair by majority vote. The Committee Chair must be independent. When the Chair is absent, a member present will preside, without a casting vote. A non-member Secretary may be appointed by the Committee to record minutes of meetings.

### **Meetings:**

The Committee shall convene at least quarterly, as deemed necessary by the Chair or a majority of its members, and as mandated by applicable legal or listing requisites. Meetings can also be initiated by the Independent Auditor or any Committee member in line with the Canada Business Corporations Act.

The Chair shall prepare or approve meeting agendas beforehand.

Notice of meetings must be given to Committee members at least 48 hours in advance and can be provided through various means. Attendance at a meeting waives notice unless attendance is for the purpose of objecting to the meeting's legality.

Members can participate through telecommunication means, with quorum being a majority of members present in person, via video-conference, telephone, or a combination. If quorum isn't met within an hour of the scheduled meeting, the meeting will be adjourned to the same time and place on the second business day following. If quorum remains absent at the second adjourned meeting, the members present will form a quorum. A portion of each meeting will be reserved for in-camera discussions without management

present. The Committee can invite others to meetings, including officers, directors, employees, and the Independent Auditor.

The Committee holds the right to decide meeting attendees.

Minutes of Committee meetings will be sent to all members, and the Chair will periodically brief the Board on findings and recommendations.

## **Resources and Authority:**

The Committee can interact with Corporation officers and employees, accessing necessary information.

The Committee can engage legal, accounting, or other advisors at the Corporation's expense.

The Committee can communicate directly with the Independent Auditor.

## **Responsibilities:**

### **A. Duties of the Chair**

The Chair oversees Committee operations, ensures effective execution of duties, provides leadership, chairs meetings, and reports to the Board.

The Chair guarantees regular Committee meetings, establishes agendas and ensures materials are available to directors.

The Chair liaises between the Committee and the Board, reports proceedings and deliberations to the Board, and reports annually on the Committee's role.

The Chair promotes ethical decisions, oversees resources, and ensures Committee effectiveness.

### **B. Committee Duties**

The Committee is responsible for the following to fulfil its oversight duties:

- The Committee can conduct investigations, invite relevant attendees, access Corporation records, retain consultants, and oversee accounting practices.
- The Committee reviews financial statements, assesses accounting issues, and monitors internal controls.
- The Committee meets annually with the Independent Auditor and Chief Financial Officer to review accounting practices and other matters.
- The Committee oversees adoption of accounting standards changes.
- The Committee has authority over non-audit services and reviews pre-approvals of such services.

***Non-audit services require approval from the Committee or its Chair, with consultation from the Independent Auditor. Non-audit services compromising auditor independence won't be approved. The Chief Financial Officer maintains records and provides quarterly reports. Some pre-approvals may be exempt under certain conditions.***

**Contact Information:**

If you have any questions, concerns, or reports related to this document, please contact [legal.dept@silverocmines.com](mailto:legal.dept@silverocmines.com)



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