

## SUPERIOR GOLD INC. AUDIT COMMITTEE CHARTER

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Superior Gold Inc. (the “**Company**”).

### 1.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- the implementation of risk management and internal control over financial reporting and disclosure controls and procedures; and
- external and internal audit processes.

### 2.0 Composition and Membership

- (a) The Board will appoint the members (“**Members**”) of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of the Company or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.
- (b) The Committee will consist of at least three directors. All Members will meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including National Instrument 52-110 – *Audit Committees*.
- (c) The Board will designate one of the Members to act as the Chair of the Committee (the “**Chair**”). The corporate secretary of the Company (the “**Secretary**”) will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

### 3.0 Meetings

- (a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone or email, unless all Members are present and

waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone.

- (b) At the request of the external auditors of the Company, the Chief Executive Officer or the Chief Financial Officer of the Company or any Member, the Chair will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- (c) The Chair, if present, will act as the Chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their number to act as Chair of the meeting.
- (d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.
- (e) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without members of management in attendance for a portion of each meeting of the Committee.
- (f) In advance of every regular meeting of the Committee, the Chair, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

#### **4.0 Duties and Responsibilities**

The duties and responsibilities of the Committee as they relate to the following matters, are as follows:

##### **4.1 *Financial Reporting and Disclosure***

- (a) review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and other applicable financial disclosure, prior to the public disclosure of such information.
- (b) review and recommend to the Board for approval, where appropriate,

financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy circular, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information.

- (c) review with management of the Company, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under Canadian generally accepted accounting principles (“GAAP”) and International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), as applicable, all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company’s financial position and the results of its operations in accordance with Canadian GAAP or IFRS, as applicable.
- (d) seek to 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, periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration.

#### **4.2 *Internal Controls and Audit***

- (a) review the adequacy and effectiveness of the Company’s system of internal control and management information systems through discussions with management and the external auditor to ensure that the Company maintains:
  - (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company’s transactions;
  - (ii) effective internal control systems;
  - (iii) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud. From time to time the Committee will assess whether it is necessary or desirable to establish a formal internal audit department having regard to the size and stage of development of the Company at any particular time.
- (b) satisfy itself that management has established adequate procedures for the review of the Company’s disclosure of financial information extracted or derived directly from the Company’s financial statements.
- (c) satisfy itself, through discussion with management, that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations.
- (d) review and make recommendations regarding the Company’s major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.
- (e) review, and in the Committee’s discretion make recommendations to the Board regarding, the adequacy of the Company’s risk management policies

and procedures with regard to identification of the Company's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by the Company.

- (f) recommend the appointment, or if necessary, the dismissal of the head of the Company's internal audit process.

#### **4.3 External Audit**

- (a) recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of the Company.
- (b) ensure the external auditors report directly to the Committee on a regular basis.
- (c) review the independence of the external auditors.
- (d) review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors.
- (e) review the audit plan of the external auditors prior to the commencement of the audit.
- (f) establish and maintain a direct line of communication with the Company's external and internal auditors.
- (g) meet in camera with only the auditors, with only management, and with only the members of the Committee at every Committee meeting where, and to the extent that, such parties are present.
- (h) oversee the work of the external auditors of the Company with respect to preparing and issuing an audit report or performing other audit or review services for the Company, including the resolution of issues between management of the Company and the external auditors.
- (i) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of the Company, and any other matters.
- (j) Review any material written communications between management of the Company and the external auditors and any significant disagreements between management and the external auditors.
- (k) discuss with the external auditors their perception of the Company's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and

availability of records, data and other requested information and any recommendations with respect thereto.

- (l) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.
- (m) review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues.

#### **4.4 *Associated Responsibilities***

- (a) monitor and periodically review the Whistleblower Policy and associated procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
  - (ii) the confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters.
  - (iii) if applicable, any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure, or violations of the Company's Code of Business Conduct & Ethics.
- (b) review and approve the Company's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of the Company.

#### **4.5 *Non-Audit Services***

- (a) pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

## **5.0 Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, 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 or comply with GAAP or IFRS, as applicable, and other applicable requirements. These are the responsibilities of Management and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

## **6.0 Reporting**

The Chair will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

## **7.0 Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve their fees without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

## **8.0 Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

**Approved by the Board of Directors on May 13, 2019**