

# DEEPROCK MINERALS INC.

## AUDIT, RISK, AND CORPORATE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

The Audit, Risk, and Corporate Governance Committee ("**Committee**") is appointed by the Board of Directors (the "**Board**") of Deeprock Minerals Inc. ("**DEEP**" or the "**Company**") to assist the Board in fulfilling its oversight responsibilities with respect to accounting and financial reporting processes, the integrity of the financial statements of the Company, compliance with legal and regulatory requirements, the overall adequacy and maintenance of the systems of internal controls that management has established, the overall responsibility for the Company's external and internal audit processes including the external Auditor's qualifications, independence and performance, and for developing the Company's approach to, and reviewing the Company's effectiveness with respect to, corporate governance.

### Constitution & Authority

The Committee shall consist of not less three directors appointed by the Board. The majority of the Committee must be "independent" and "financially literate" as required by National Instrument 52-110 – *Audit Committees*, applicable securities legislation and related requirements. The authority, structure, operations, purpose, responsibilities and specific duties of the Committee are described below. At the time of publishing of this Committee's charter, the Company is listed on the Canadian Securities Exchange and is exempt from the requirement for all audit committee members to be independent.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and such Committee members shall serve until the following organizational meeting of the Board or until their successors are duly elected and qualified. The Board may remove a member of the Committee at any time in its sole discretion by resolution of the Board. The Chairperson of the Committee shall be designed by the Board from among the Committee members.

The Committee shall have access to such officers and employees of the Company, its external auditor (the "**Auditor**"), and legal counsel, and to such information respecting the Company, and may engage separate independent counsel and advisers at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

The Committee has the authority to communicate directly with and to meet with the Auditor, without management involvement. The Auditor shall report directly to the Committee. The Committee shall be responsible to resolve disagreements, if any, between management and the Auditor regarding financial reporting

### Mandate

The Company's management is responsible for preparing the Company's financial statements and other financial information and for presenting the information contained in the financial statements fairly and 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 Auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, whether 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.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

The role of the Committee is principally one of oversight. Accordingly, the Committee shall:

- make recommendations to the Board regarding the appointment, retention and level of compensation of the Company's Auditor;
- approve, in advance, all non-audit services provided to the Company by the Auditor and the related compensation if deemed material by management;
- evaluate the work of the Auditor and confirm its independence;
- provide independent and objective oversight of management's monitoring of the Company's internal control systems and financial reporting processes;
- provide a means of communication between the Board, management and the Auditor on matters relating to financial reporting;
- provide the necessary oversight over:
  - i. the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices, including the preparation of financial statements;
  - ii. the processes for identifying the Company's principal financial risks and the control systems to monitor those risks;
  - iii. the Company's compliance with legal and regulatory requirements related to financial reporting;
  - iv. management's evaluation of the Company's exposure to fraud;
- perform any other activities consistent with its mandate, the Company's constating documents and laws of general application as the Committee or Board deems necessary or desirable;
- oversee the risk management system;
- oversee the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the company. This system will include the Company's internal compliance and control systems;
- review at least annually the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the board;
- take an active interest in ethical considerations regarding the Company's policies and practices;
- monitor the standard of corporate conduct in areas such as arms- length dealings and possible conflicts of interest;
- identify and direct any special projects or investigations deemed necessary;
- consider the adequacy of internal audit procedures;
- review forecasts, budgets, and valuation models as prepared by management;
- hold private (in camera) sessions with the Auditor, internal auditor (if applicable), and senior management including the CFO, CEO, and legal counsel; and
- handle any concerns raised by individuals pursuant to the Company's whistleblower policy.

## **Responsibilities**

In performing its oversight responsibilities, the Committee shall:

### **Audit**

- review and assess, on an annual basis, the adequacy of its mandate and recommend any proposed changes to the Board for approval;
- monitor, on a regular basis, the independence of the Auditor by reviewing all relationships between the Auditor and the Company and all non-audit work performed for the Company by the Auditor and the Committee or a member thereof shall pre- approve all non-audit services to be provided to the Company or a subsidiary by the Auditor;
- review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and any former Auditor;

- review with the Auditor and management the annual plan for the audit of the financial statements before commencement of the work;
- review with the Auditor the results of the Auditor's work and any problems or difficulties that were encountered, including any disagreements between the Company's management and the Auditor regarding financial reporting, and assess management's responses thereto;
- review summaries of significant reports prepared by management;
- review with management and the Auditor the annual audited financial statements and 'Management Discussion and Analysis' reports, before filing or distribution, including matters requiring review pursuant to laws and regulations of general application;
- review with management (or ensure that the Board does so) the quarterly unaudited financial statements and Management Discussion and Analysis reports, before filing or distribution, including matters required to be reviewed under laws and regulations of general application;
- review with management the annual budget, and any required interim adjustments, including the assumptions (for reasonableness, accuracy and timeliness), for recommendation to the Board;
- review with management, as appropriate, news releases and any other form of disclosure containing earnings and other material financial information;
- satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than the public disclosure referred to in paragraphs 6 and 7, and must periodically assess the adequacy of those procedures;
- review with management and the Auditor, the adequacy and effectiveness of the Company's internal controls over financial reporting including any significant or material deficiencies and the adequacy and timeliness of its financial reporting processes and the quality and acceptability of the Company's accounting principles and estimates, including the clarity of financial disclosure and the degree of appropriateness of the accounting policies and estimates;
- review with management and the Auditor the quality and appropriateness of the Company's financial reporting and accounting standards and principles and significant changes to those standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made;
- review with management and the Auditor the treatment and disclosure of significant related party transactions and potential conflicts of interest;
- review with management the risk of frauds within the operations or financial reporting and consider the actions taken by management and the systems implemented to address these risks;
- ensure that adequate procedures are in place for the receipt, retention and treatment of: complaints and expressions of concern regarding accounting, financial disclosure, internal controls, auditing or legal and regulatory matters; and confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters;
- examine the process for identifying, categorizing, evaluating and mitigating the Company's principal risks and the potential impact or consequences they might have, individually or compounded, on the sustainability of the Company, as well as measures available to ensure the latter, and report to the Board, members of which shall use their reasonable efforts to ensure the adequacy of the oversight of management and that management duly carries out its required functions;
- review the appointment of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process;
- review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process required under applicable Canadian and, if applicable, United States and Australian securities laws. Review any significant deficiencies in the design and operation of internal controls over financial reporting or disclosure controls and procedures and any fraud; and
- conduct or authorize investigations into any matter that the Committee believes is within the scope of its responsibilities.

## **Risk**

- assess the internal processes for determining and managing key risk areas, particularly:

- (i) non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
  - (ii) litigation and claims; and
  - (iii) relevant business risks other than those that are dealt with by other specific Board Committees.
- receive from management reports on all suspected and actual frauds, thefts and breaches of laws;
  - evaluate the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk;
  - assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk; and
  - meet periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

## **Corporate Governance**

- develop and monitor the Company's overall approach to corporate governance issues and, subject to approval by the Board, to implement and administer a system of corporate governance which reflects strong corporate governance practices;
- periodically review and assess the Company's corporate governance policies and practices and make recommendations to the Board in accordance with applicable laws and regulations;
- conduct an annual review of the mandates of the Board and its Committees and recommend any changes or revisions considered advisable;
- oversee the annual evaluation of the functioning of the Board and its committees (including this Committee); and
- review and recommend to the Board any disclosure regarding the Company's corporate governance practices to be included in the Company's public disclosure or any regulatory filings in accordance with applicable laws and regulations.

## **Meetings**

- meet at least once per year or more frequently as circumstances require to perform the duties described above in a timely manner. Meetings may be held at any time deemed appropriate by the Committee.
- establish a Quorum for the transaction of business at any meeting of the Committee, and that Quorum shall be a majority of the number of members of the Committee. A Committee member who is unable to attend in person may attend a Committee meeting by telephone, video conference or other telecommunication device that permits all persons participating in the meeting to speak and hear each other. The Committee shall hold in camera sessions without the presence of management after each meeting.
- at the Committee's discretion request any officer or employee of the Company or the Company's outside counsel or independent Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. In addition, the Committee or, at a minimum, the Chairperson, may meet with the Company's external legal counsel to discuss the Company's policies and practices relevant to the scope of responsibilities of the Committee.
- hold meetings from time to time as the Committee or the Chairperson shall determine upon 48 hours' notice to each of its members. The notice period may be waived by a quorum of the Committee.
- have the Chairperson will appoint a secretary of each meeting of the Committee who need not be a member of the Committee and who will maintain the minutes of the meeting and circulate copies of the minutes to each Committee member on a timely basis. The minutes of the Committee meetings will be made available for review by the Board.

## **Approval**

Approved by the Board of Directors on September 15, 2019.