



Audit Committee Charter

I. PURPOSE

The Board of Directors of Heatherdale Resources Ltd. (the “**Company**”) has established an Audit Committee (the “**Committee**”). The primary function of the Committee is to assist the board of directors of the Company (the “**Board**”) in fulfilling its oversight of the accounting and financial reporting and financial statements audits.

II. ROLE

The Committee’s primary function is to assist the Board in fulfilling its oversight responsibilities, including:

- a. Provide independent review and oversight of the Company’s financial reporting process and continuous disclosure risks.
- b. Management of the audit process, including selection recommendation, oversight, review and compensation of the Company’s external auditors.
- c. Provide oversight of the Company’s risk management and its principal business risks.
- d. Monitor the Company’s systems of internal controls regarding finance and accounting.
- e. Carry out oversight responsibilities respecting compliance with tax, securities and other applicable laws and regulations as well as ethics, the code of conduct and the whistle-blower policy.
- f. Provide an open avenue of communication among the Company’s auditors, senior management and the Board of Directors.

III. COMPOSITION AND MEMBERSHIP

- a. The members of the Board will annually appoint the 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.



- b. The Committee shall be comprised of three or more directors as determined by the Board of Directors. Each of these directors shall be independent as required by the applicable legislation of the Company's regulators. No member of the Committee is permitted to have participated in the preparation of the financial statements of the Company or any current subsidiary, if applicable, at any time during the past three years.

If permitted by applicable legislation in effect from time to time, one director who (i) is not independent as defined and required under applicable legislation, and (ii) is not a current employee or an immediate family member (as defined under applicable legislation) of such employee, may be appointed to the Audit Committee if the Board, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required in the best interests of the Company and its shareholders. In such event, the Board will disclose in the Company's next annual proxy statement the nature of that director's relationship with the Company and the reasons for that determination. A director appointed to the Committee pursuant to this exception may not serve in excess of two consecutive years and may not chair the Committee.

- c. All Committee members will be financially literate as defined by applicable legislation. If, upon appointment, a member of the Committee is not financially literate as required, the person will be provided a three-month period in which to achieve the required level of literacy.
- d. The Board will appoint one of the members to act as the Chair of the Committee (the "Chair").

IV. MEETINGS AND PROCESS

- a. The Committee will meet as frequently as determined by the Committee Members and Committee Chair in order to fill the responsibilities described below and in any event at least quarterly. As part of its role to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.
- b. Meetings of the Committee will be held at such times and places as the Chair may determine, and may be held in person, by telephone, and/or by video conference.
- c. A majority of the members of the Committee shall constitute a quorum.



- d. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present, or by a unanimous written consent.
- e. Members shall be provided with a minimum of 48 hours' notice of meetings. The notice period may be waived by a quorum of the Committee. ^[1]_[SEP]
- f. The Committee Chair, if present, will act as the chair of meetings of the Committee and shall establish the agenda of the meeting and, where possible, ensure that materials are circulated sufficiently in advance to provide adequate time for review prior to the meeting.
- g. The Committee Chair will appoint a Recording Secretary at each meeting. The Secretary will keep minutes of each meeting, which will be distributed in advance of subsequent meetings for Committee approval.
- h. The Committee may delegate work to one or more of its members, and such members must report to the Committee at its next scheduled meeting or as otherwise mandated.
- i. The Committee has the authority to communicate directly with officers and employees of the Company, its auditors, legal counsel and to such information respecting the Company as it considers necessary or advisable in order to perform its duties and responsibilities. This extends to the requiring the external auditor to report directly to the Committee.
- j. The Committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the Committee will set the compensation for such advisors.
- k. At each meeting of the Committee, there shall be an "*in camera*" session of only the independent members, if applicable.
- l. The Committee shall report its discussions to the Board at the next Board Meeting.



V. DUTIES AND RESPONSIBILITIES

The Audit Committee will:

- a. Review and report to the Board of the Company on the following before they are published:
 - i. the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company; and
 - ii. the auditor's report, if any, prepared in relation to those financial statements;
- b. Review the Company's annual and interim earnings press releases before the Company publicly discloses this information;
- c. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- d. Review any related-party transactions;
- e. Satisfy itself 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 and periodically assess the adequacy of those procedures;
- f. Recommend to the Board:
 - i. the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - ii. the compensation of the external auditor;
- g. Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- h. Review annually the performance of the external auditors;
- i. Monitor, evaluate and report to the Board on the integrity of the financial reporting process and the system of internal controls that management and the Board have established;
- j. Monitor the management of the principal risks that could impact the financial reporting of the Company;



- k. Establish procedures for:
 - i. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- l. Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor;
- m. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- n. With respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with National Instrument 52-109;
- o. Review and recommend to the Board any changes to accounting policies;
- p. Review the opportunities and risks inherent in the Company's financial management and the effectiveness of the controls thereon; and
- q. review major transactions (acquisitions, divestitures and funding).

VI. OTHER

- a. Annually review the Committee's agenda and mandate and report recommended changes to the Board.
- b. Annually conduct a self-assessment of the Committee's performance.
- c. Perform such other duties as may be assigned to it by the Board or as the Committee shall deem appropriate from time to time, or as may be required by applicable regulatory authorities or legislation.

VII. APPROVAL

Reviewed and Adopted by the Board of Directors – January 18, 2021