

Audit Committee Charter



The following shall constitute the Audit Committee Charter (the “**Charter**”) of the Board of Directors (the “**Board**”) of FAX Capital Corp. (the “**Company**”):

Statement of Purpose

The Audit Committee (the “**Committee**”) of the Company has been established by the Board for the purpose of assisting the Board in fulfilling its oversight responsibilities with respect to:

- The quality and integrity of the Company’s financial statements and related disclosures;
- The Company’s compliance with legal and regulatory requirements;
- The independent auditors’ qualifications, performance and independence; and
- The integrity of the Company’s internal controls.

The function of the Committee is oversight. The management of the Company is responsible for the preparation, presentation, and integrity of the Company’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting policies and for developing internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations.

In addition, the Committee shall provide an avenue for communication between the independent auditors, financial management and the Board. The Committee should have a clear understanding with the independent auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the independent auditors is to the Committee and the Board, as representatives of the Company’s securityholders. The Committee shall expect the auditor to call to its attention any accounting, auditing, internal accounting control, regulatory or other related matters that the auditor believes warrant consideration or action. The Committee will make regular reports to the Board concerning its activities.

The Committee shall be given full access to the Company’s management, records and independent auditors as necessary to carry out its responsibilities. The Committee shall be entitled to rely on the integrity of the Company’s management and independent auditors whom it receives information, and the accuracy of the information provided to them absent knowledge to the contrary.

Committee Membership

The Committee shall be comprised of three or more directors, each of whom will be appointed by the Board, taking into account any recommendation that may be made by the Governance, Compensation and Nominating Committee. The Board will designate independent one of the members of the Committee to be the Chair of the Committee.

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Each member of the Committee shall be and satisfy the independence requirements of National Instrument 52-110 – *Audit Committees*, as same may be amended from time to time (“**NI 52-110**”).

Committee members must be financially literate, as determined in accordance with NI 52-110. Members must also have suitable experience and must be familiar with the financial reporting practices of public companies.

The members of the Committee, including the Chair, shall be elected annually by the Board. Any member of the Committee may be removed and replaced by the Board at any time, but shall otherwise serve for one year or until their successors are duly elected and qualified. If a vacancy exists, the remaining members of the Committee may exercise all of its powers as long as a quorum is present and subject to any legal requirements regarding the minimum number of members of the Committee.

The Committee may invite from time to time, at its discretion, members of management to attend the meetings of the Committee. The Lead Director, if not already a member of the Committee, will be permitted to attend each meeting of the Committee as an observer.

Committee Operations

In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures:

- (a) **Meetings.** The Committee shall meet once every quarter, and more often if circumstances dictate, to discharge properly its duties and responsibilities.
- (b) **Agenda.** The Chair will establish the agenda for the meeting in consultation with the other members of the Committee, the Chairman of the Board and the Lead Director.
- (c) **Advisors.** The Committee shall have the authority to engage independent counsel and other advisors as it determines reasonably necessary to carry out its duties and to set and pay, at the Company’s expense, the compensation of such advisors.
- (d) **Quorum.** A quorum at any meeting of the Committee shall be a majority of the number of members of the Committee. The powers of the Committee shall be exercisable at a meeting at which quorum is present or by resolution in writing signed by all members of the Committee.
- (e) **Secretary.** The Corporate Secretary or such other person as may be designated by the Chair of the Committee, or any person appointed by the Chair of the Committee, shall act as secretary of meetings of the Committee.
- (f) **Minutes.** The secretary of the Committee will keep regular minutes of Committee meetings and will circulate them to all Committee members, the Chairman of the Board and the Lead Director (and to any other director upon request) on a timely basis.

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- (g) **Calling of Meetings.** Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members. The notice period may be waived by all members of the Committee. A meeting of the Committee may be called by the Chair of the Committee, by the Chairman of the Board, by the President and Chief Executive Officer, by the external auditor of the Company, by the Corporate Secretary, or by any member of the Committee.
- (h) **Absence of Chair.** In the absence of the Chair, the Committee may appoint one of its other members to act as Chair of that meeting.
- (i) **Subcommittees.** The Committee shall have the authority to form and delegate responsibilities to subcommittees as appropriate.

Committee Responsibilities and Duties

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board and performing any other functions that may be necessary or appropriate for the performance of its duties.

Financial Statements and Financial Review

- (a) Review the accounting principles, policies and practices followed by the Company in accounting for and reporting its financial results of operations.
- (b) Review all material balance sheet issues, material contingent obligations and material related party transactions, as well as the Company's operating expenses in relation to the Company's approved annual budget.
- (c) Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.
- (d) Review the Company's audited annual consolidated financial statements and the unaudited quarterly financial statements. Also review and recommend to the Board for approval any accompanying related documents such as the Annual Information Form or equivalent filings and the Management's Discussion and Analysis prior to the disclosing of the information to the public.
- (e) Prior to public dissemination, review the draft quarterly earnings press releases.

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(f) Satisfy itself that adequate procedures are in place for the review of any other public disclosure by the Company of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

Independent Auditor's Qualifications and Independence

(g) Oversee the work of the external auditor and recommend to the Board the selection and compensation of the external auditors to be put forward to the Company's shareholders at the annual meeting.

(h) Obtain on an annual basis a formal written statement from the external auditors delineating the relationship between the audit firm and the Company, and review and discuss with the external auditors such relationship to determine the "independence" of the auditors.

(i) Review any management letter prepared by the external auditors concerning the Company's internal financial controls, record keeping and other matters and management's response thereto.

(j) Discuss with the external auditors their views about the quality of the implementation of Canadian Generally Accepted Accounting Principles, with a particular focus on the accounting estimates and judgments made by management and management's selection of accounting principles. Meet in private with appropriate members of management and separately with the external auditors on a regular basis to share perceptions on these matters, discuss any potential concerns and agree upon appropriate action plans. Review with the external auditor their views on the adequacy of the Company's financial personnel.

(k) Approve the scope of the annual audit, the audit plan, the access granted to the Company's records and the co-operation of management in any audit and review function.

(l) Review the effectiveness of the independent audit effort, including approval of the fees charged in connection with the annual audit, any quarterly reviews and any non-audit services being provided.

(m) Evaluate the lead audit partner and discuss rotation of the lead audit partner and other active audit engagement team partners.

(n) Assess the effectiveness of the working relationship of the external auditors with management and become involved, if necessary, to resolve disagreements between management and the external auditor regarding financial reporting matters.

(o) Determine the nature of non-audit services the external auditor is prohibited from providing to the Company. The Committee will pre-approve all non-audit services provided by the external auditor to the Company.

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(p) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the external auditor.

Accounting Complaints Handling Procedures

(q) Establish and review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Additional Oversight

(r) Review program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage, legal claims and tax compliance.

(s) Receive a report on management's evaluation of internal controls over financial reporting annually regarding the reliability of financial reporting.

(t) Receive annually a report on management's assessment of risk of fraud or error, and the internal controls to mitigate those risks.

(u) Review compliance with regulatory requirements relating to CEO/CFO certifications.

(v) Receive periodic reports from management on taxation.

(w) Review annually the expenses of the CEO, the CFO and the directors.

(x) Review the public disclosure regarding the Audit Committee required from time to time by applicable Canadian securities laws, including:

- (i) the Charter of the Audit Committee;
- (ii) the composition of the Audit Committee;
- (iii) the relevant education and experience of each member of the Audit Committee;
- (iv) the external auditor services and fees; and
- (v) such other matters as the Company is required to disclose concerning the Audit Committee.

(y) Receive periodic reports from the General Counsel in regards to any improper activity reported under the Company's Whistleblower Protocol.

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(z) Perform any other activities consistent with this Charter, the Company's by-laws and governing law as the Committee or the Board deems necessary or appropriate.

In-Camera Sessions

The Audit Committee should meet separately periodically with management and the independent auditors to discuss any matters that the Committee believes should be discussed privately. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee.

Auditor's Attendance at Meetings

The external auditor shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Company, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.

Access to Information

The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.

Review of Charter

The Committee shall periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.

Reporting

The Committee shall report to the Board on the major items covered at each Committee meeting and make recommendations to the Board and management concerning these matters.

This Charter was approved by the Board of Directors of FAX Capital Corp. on November 4, 2021.