

AUDIT COMMITTEE CHARTER

Purpose: Responsibilities and Authority

The audit committee (the “Audit Committee”) shall carry out its responsibilities under applicable laws, regulations, and stock exchange requirements with respect to the employment, compensation and oversight of the Company’s independent auditor, and other matters under the authority of the Audit Committee.

The Audit Committee shall also assist the Board in carrying out its oversight responsibilities relating to the Company’s financial, accounting and reporting processes, the management of financial and non-financial risks, the Company’s system of internal accounting and financial controls, the Company’s compliance with related legal and regulatory requirements, and the fairness of transactions between the Company and related parties.

In furtherance of this purpose, the Audit Committee shall have the following responsibilities and authority:

- (a) External Auditors.
 - (i) The Audit Committee shall recommend to the Board 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 shall set the compensation for the external auditor and shall ensure that the external auditor reports directly to the Audit Committee.
 - (ii) The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
 - (iii) The Audit Committee shall review the external auditor’s audit plan, including scope, procedures, and timing of the audit.
 - (iv) The Audit Committee shall pre-approve all non-audit services to be provided by the external auditor.
 - (v) The Audit Committee shall review and approve the Company’s hiring policies regarding partners, employees and former partners and employers of the present and former external auditor.
 - (vi) The Audit Committee shall review fees paid by the Company to the external auditor and other professionals in respect of audit and non-audit services on an annual basis.
- (b) Financial Reporting and Internal Controls.
 - (i) The Audit Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles, that the information contained therein is not erroneous, misleading, or incomplete and that the audit function has been effectively carried out.
 - (ii) The Audit Committee shall report to the Board with respect to its review of the annual audited financial statements and recommend to the Board whether same should be approved prior to their being publicly disclosed.
 - (iii) The Audit Committee shall review the Company’s annual and interim financial

NEXTSOURCE

materials

statements, management's discussion and analysis relating to annual and interim financial statements, and earnings press releases prior to any of the foregoing being publicly disclosed by the Company.

- (iv) The Audit Committee shall 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 other than the disclosure referred to in Section (b)(iii) of this Charter, and periodically assess the adequacy of these procedures.
 - (v) The Audit Committee shall oversee the preparation of reports relating to the Audit Committee required under applicable laws, regulations and stock exchange requirements.
 - (vi) The Audit Committee shall oversee any investigations of alleged fraud and illegality relating to the Company's finances.
 - (vii) The Audit Committee shall establish whistleblowing procedures for: (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (2) the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters.
- (c) Risk Management
- (i) The Audit Committee shall meet no less frequently than annually with the external auditor and the Chief Financial Officer to review accounting practices, internal controls, management information systems, cybersecurity, auditing matters and such other matters as the Audit Committee deems appropriate.
 - (ii) The Audit Committee shall inquire of management and the external auditor regarding significant financial and non-financial risks or exposures to which the Company may be subject and shall assess the adequacy of the steps that management has taken to minimize, manage and respond to such risks.
 - (iii) The Audit Committee shall discuss with management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or reports which raise material issues regarding the Company's financial statements or accounting policies.
 - (iv) The Audit Committee shall oversee the internal audit functions (as applicable).
 - (v) The Audit Committee shall exercise oversight with respect to whistleblower and anti-fraud programs and controls.
 - (vi) The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
 - (vii) The Audit Committee shall review the availability and or adequacy of insurance coverage for insurable risks.
 - (viii) The Audit Committee shall review legal and regulatory compliance matters that could have a material impact on the Company's business, operations or financial statements.

- (d) Additional Responsibilities and Authority
 - (i) The Audit Committee shall have the authority to: (i) to engage independent counsel and other advisors as it determines necessary to carry out its duties, (ii) to set and pay the compensation for any advisors employed by the Audit Committee, and (iii) to communicate directly with the internal (as applicable) and external auditors.
 - (ii) The Audit Committee shall perform any other responsibilities consistent with this Charter and any applicable laws as the Audit Committee or Board deems appropriate.
 - (iii) Conduct an annual performance evaluation of the Audit Committee and identify opportunities for improved effectiveness.

Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the external auditor.

Structure and Membership

- (e) Number and minimum qualifications

The Audit Committee shall consist of a minimum of three persons.

All members of the Audit Committee shall meet the experience and financial literacy requirements of National Instrument NI 52-110 and the rules of the Toronto Stock Exchange.

- (f) Independence Requirements

All the members of the Audit Committee shall be "independent" as required for audit committees by National Instrument 52-110 and the rules of the Toronto Stock Exchange.

- (g) Financial Literacy

- (i) **National Instrument 52-110**

Section 3.1(4) states that each audit committee member must be financially literate.

Section 1.6 defines the meaning of financial literacy as follows:

"For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements."