



# LiquidMeta

## LIQUID META CAPITAL HOLDINGS LTD.

### CHARTER OF THE AUDIT COMMITTEE

(Adopted and approved by the Board of the Corporation effective as of December 17, 2021)

#### 1. PURPOSE

The purpose of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of Liquid Meta Capital Holdings Ltd. (the “**Corporation**”) is to:

- Assist the Board in fulfilling its responsibility to oversee the Corporation’s accounting and financial reporting processes and the audits of the Corporation’s financial statements and management discussion and analysis (“**MD&A**”);
- Review the financial reports and other financial information provided by the Corporation, the Corporation’s disclosure controls and procedures, and its internal accounting and financial controls;
- Assume direct responsibility for the appointment, compensation, retention (and where appropriate replacement), and oversight of the work of the external auditor (the “**Auditor**”) in preparing or issuing the audit report or related work;
- Oversee the independence of the Auditor and approve all auditing services and permitted non-audit services provided by the Auditor;
- Receive direct reports from the Auditor and resolve any disagreements between management and the Auditor regarding financial reporting;
- Review risk management with management and the Auditor, as well as any purposed changes in major accounting policies and the presentation and impact of significant risks and uncertainties; and
- Carry out the specific responsibilities set forth below in furtherance of this stated purpose.

#### 2. COMMITTEE MEMBERSHIP AND PROCEDURES

The Committee shall consist of at least three directors, all of whom will be independent (as such term is defined in *National Instrument 52-110 – Audit Committees* (“**NI 52-110**”)). No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

Unless there is an exemption from the following requirement available to the Corporation in NI 52-110, each member of the Committee shall be “financially literate” (as such term is under 1.6 of NI 52-110).

The Board, after each annual shareholders’ meeting, shall appoint or re-appoint each member of the Committee. Every member of the Committee must be a director of the Corporation. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or

her resignation. The Board shall fill Committee member vacancies by appointing a member from the Board. If a vacancy on the Committee exists, the remaining members shall exercise all the Committee's powers.

The Board shall appoint one member of the Committee to be the Chair of the Committee (the "Chair"). The Chair must be a non-executive Director.

### **3. MEETINGS**

The Committee shall meet not less than quarterly at such times and places as determined by the Committee. The Committee is governed by the same rules regarding meetings (including the procedure used to call meetings, and conducting meetings electronically, in person or by telephone), notice of meetings and waiver of notice by committee members, written resolutions in lieu of a meeting and voting at meetings that apply to the Board. The Committee shall conduct its meetings in accordance with this Charter, the procedures of the Board set forth in the By-Laws for the Board's meetings, and such other procedures as the Committee may adopt.

Notice of the time and place of a Committee meeting shall be given by the Committee to the Corporation's Auditor in the same manner notice is provided to Committee members in accordance with section 158(2) of the *Business Corporation Act* (Ontario).

The Chair shall seek input from Committee members, the Corporation's management, the Auditor and Board members when setting each Committee meeting's agenda.

### **4. RESPONSIBILITIES, RESOURCES AND AUTHORITY**

In discharging its oversight role, the Committee is granted all responsibilities and authority required by NI 52-110, including without limitation the authority to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Corporation and the authority to engage independent legal, accounting, or other advisors to obtain such advice and assistance as the Committee determines necessary to carry out its duties. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

The Corporation shall provide the Committee with all appropriate funding, as determined by the Committee, for payment of compensation to any such advisors and any Auditor, as well as for any ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its responsibilities.

### **5. KEY RESPONSIBILITIES**

The Committee's role is one of oversight, and it is recognized that the Corporation's management is responsible for preparing the Corporation's financial statements and that the Auditor is ultimately accountable to the Board and the Committee, as representatives of the stockholders, and is responsible for auditing those financial statements and MD&A.

The functions set forth in this Charter shall be the common recurring activities of the Committee in carrying out its oversight role. The functions are set forth as a guide and may be varied and supplemented from time to time as appropriate under the circumstances.

### **6. EXTERNAL AUDITORS**

The Committee shall consider and recommend to the Board, to put forward for shareholder approval at the annual meeting, an Auditor that will be appointed or reappointed to prepare or issue an auditor's report and

perform audit, review, attest or other services for the Corporation in compliance with NI 52-110, and if necessary, recommend to the Board the Auditor's removal.

The Committee shall recommend to the Board the Auditor's compensation and otherwise setting the terms of the Auditor's engagement (including reviewing and negotiating the Auditor's engagement letter).

The Committee shall be directly responsible for oversight and overseeing the work of the Auditor for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Corporation. The Auditors shall report directly to the Committee.

The Committee is directly responsible to ensure the lead audit partner and other audit partners (if any) at the Auditor is replaced in compliance with applicable laws.

## **7. DISCLOSURE CONTROLS AND PROCEDURES**

The Committee shall review periodically with management the Corporation's disclosure controls and procedures.

## **8. INTERNAL CONTROLS**

The Committee shall discuss periodically with management and the Auditor the quality and adequacy of the Corporation's internal controls and internal auditing procedures, if any, including any significant deficiencies in the design or operation of those controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls, and discuss with the Auditor how the Corporation's financial systems and controls compare with industry practices.

## **9. ACCOUNTING POLICIES**

The Committee shall review periodically with management and the Auditor the quality, as well as acceptability, of the Corporation's accounting policies, and discuss with the Auditor how the Corporation's accounting policies compare with those in the industry and all alternative treatments of financial information within Canadian generally accepted accounting principles that have been discussed with management, the ramifications of use of such alternative disclosures and treatments and the treatment preferred by the Auditor.

## **10. PRE-APPROVAL OF ALL AUDIT SERVICES AND PERMITTED NON-AUDIT SERVICES**

The Committee shall approve, in advance, all audit services and permitted non-audit services to be provided to the Corporation by Auditor; provided that any non-audit services performed pursuant to an exception to the preapproval requirement permitted under applicable laws shall not be deemed unauthorized.

## **11. ANNUAL AUDIT**

In connection with the annual audit of the Corporation's financial statements, the Committee shall:

- request from the Auditor a formal written statement delineating all relationships between the Auditor and the Corporation, discuss with the Auditor any such disclosed relationships and their impact on the Auditor's objectivity and independence, and take appropriate action to oversee the independence of the Auditor;
- approve the selection and the terms of the engagement of the Auditor;

- review with management and the Auditor the audited financial statements and MD&A to be filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) for public disclosure;
- perform the procedures set out forth below in "Financial Reporting Procedures" with respect to the annual financial statement to be reported; and
- review with management and the Auditor the Corporation’s critical accounting policies and practices to ensure the annual audit is in compliance with accounting standards.

## **12. INTERIM REPORTS**

In connection with the Corporation's preparation of its interim financial information to be included in the Corporation's Quarterly Reports filed on SEDAR, the Committee shall:

- review with management the Corporation's critical account policy practices; and
- recommend to the Board whether, based on their reviews and discussions referred to above the interim financial statements and interim MD&A should be included in the Corporation's Quarterly Report to be filed on SEDAR.

## **13. FINANCIAL REPORTING PROCEDURES**

In connection with the Committee's review of each reporting of the Corporation's annual or interim financial information, the Committee shall:

- discuss with the Auditor whether all material correcting adjustments identified by the Auditor are in accordance with Canadian generally accepted accounting principles and the rules of the CSA are reflected in the Corporation's financial statements;;
- review with the Auditor all material communications between the Auditor and management, such as any management letter or schedule of unadjusted differences;
- review with management and the Auditor any material financial or other arrangements of the Corporation which do not appear on the Corporation's financial statements and any transactions or courses of dealing with third parties that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, and which arrangements or transactions are relevant to an understanding of the Corporation's financial statements; and
- resolve any disagreements between management and the Auditor regarding financial reporting.

## **14. CHARTER REVIEW**

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

## **15. COMPLAINT PROCEDURES**

Any issue of significant financial misconduct shall be brought to the attention of the Committee for its consideration. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing

matters and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.