



AUDIT AND GOVERNANCE COMMITTEE CHARTER

1. PURPOSE

- 1.1 The Audit and Governance Committee (the “**Committee**”) of Killi Ltd. (the “**Corporation**”) is a committee of the Board of Directors (the “**Board**”) whose primary function is assist the Board in the exercise of their responsibilities as it relates to financial and governance matters delegated to it by the Board.

2. SIZE, COMPOSITION AND INDEPENDENCE

- 2.1 The Committee shall be comprised of not less than two and no more than five members who are “independent” directors of the Board and who meet the independence standards specified under applicable law, currently being Section 1.4 of National Instrument 52-110 of the Canadian Securities Administrators.
- 2.2 The members of the Committee shall be appointed by the Board and shall serve until their successors are appointed. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to the Committee continuing to satisfy the composition requirements mentioned above. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be an independent director of the Corporation.
- 2.3 The Board shall designate one member of the Committee as its Chairperson. If a Chairperson of the Committee is not so designated or present at a meeting, the members of the Committee may designate a Chairperson by majority vote of the Committee membership. The Chairperson of the Committee shall generally provide leadership to enhance the effectiveness of the Committee and act as a liaison between the Committee and the Board, as well as between the Committee and the executive management team of the Corporation. The Chairperson manages the Committee’s activities and meetings, manages any outside legal and other advisors retained by the Committee and manage the process of reporting to the Board on the Committee’s activities and related recommendations.
- 2.4 The Committee may retain and compensate such outside compensation, legal and other advisors at the expense of the Corporation, as it deems reasonably necessary to assist and advise the Committee in carrying out the Committee’s duties and responsibilities. The Committee should obtain approval from the Board prior to retaining and, or, compensating any such outside entity.

3. MEETING ADMINISTRATION

- 3.1 The Committee shall meet periodically as required in order to carry out its duties and responsibilities, but shall meet at least annually to address the matters specified in this charter.



- 3.2 Meetings of the Committee may be called by the Chairperson of the Committee, any member of the Committee, Chairperson of the Board, or a member of the Corporation's executive management team. The Committee shall generally hold session without members of the executive team present at each scheduled meeting. Furthermore, members of the Committee shall meet at any other times as the Chairperson of the Committee determines.
- 3.2 Each member of the Committee is expected to use all reasonable efforts to attend at a minimum 75% of all regularly scheduled Committee meetings, except to the extent that any absence is due to a medical or other valid reason(s). Any absences must be reported to the Chairperson of the Committee immediately.
- 3.3 Unless otherwise determined or approved by the majority of the Committee, the Chairperson will provide notice and materials of each meeting of the Committee to its members. Meeting materials must be delivered to Committee members at least a week prior to any scheduled meeting and for ad-hoc meetings as soon as reasonably practical, so that Committee members have sufficient time to review materials and be prepared to perform their duties and responsibilities.
- 3.4 The Committee shall have full access to any officer or other employee of the Corporation, or any representative of the Corporation's legal counsel or other advisors, to attend meetings or to meet with any members or representatives of the Committee in order to perform their duties and responsibilities. In addition the Committee has the right to inspect all applicable books and records of the Corporation and its subsidiaries as it relates to the Committee's mandate.
- 3.5 A majority of the number of appointed Committee members will constitute a quorum for conducting business at a meeting of the Committee. In the event that the Committee only has two members as a result of a vacancy on the Committee, both members shall constitute a quorum.

4. ROLES AND RESPONSIBILITIES

- 4.1 The overall duties and responsibilities of the Committee shall be as follows:
 - a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly financial statements and related financial disclosure;
 - b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
 - c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls;



- d) to report regularly to the Board on the fulfilment of its duties and responsibilities;
- e) the corporate governance guidelines applicable to the Corporation;
- f) processes and procedures as may be reasonably necessary to allow the Board to function independently of the executive management team;
- g) related party transactions, unless otherwise delegated by the Board to a special committee of the Board; and
- h) the stewardship role of the Board in respect of management of the Corporation.

4.2 The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
- b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
- c) review the audit plan of the external auditors prior to the commencement of the audit;
- d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Corporation's financial and auditing personnel;
 - (iv) co-operation received from the Corporation's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Corporation;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
- e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and



- f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

4.3 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

- a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
- c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
- d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

4.4 The Committee is also charged with the responsibility to:

- a) review the Corporation's quarterly and annual statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- b) review and approve the financial sections of, as applicable or required:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;
 - (iii) annual and interim management's discussion and analysis;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Corporation; and
 - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
- c) review regulatory filings and decisions as they relate to the Corporation's financial statements;



- d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- e) review and report on the integrity of the Corporation's financial statements;
- f) review the minutes of any audit committee meeting of subsidiary companies, if any;
- g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the Corporation's financial statements;
- h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information;
- i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders;
- j) monitor proposed changes in laws, rules, instruments and regulations, as well as in policies of applicable regulators, relating to corporate governance matters and making recommendations to the Board to address any such regulatory changes;
- k) monitor, assess and make recommendations to the Board with respect to the relationship between the Board and the executive management team, including the limits to executive management team's authority;
- l) annually overseeing the evaluation of the effectiveness of the Board and its Committees and making recommendations to the Board with respect to any changes which may be advisable to improve the functioning of the Board and/or any of its Committees;
- m) review and make recommendations to the Board with respect to material corporate policies affecting such matters as corporate disclosure and insider trading;
- n) assess the Corporation's risk exposures at least annually and present a report to the Board together with mitigation and action plans;
- o) assess the Corporations' sustainability plan, including but not limited to environmental compliance and health and safety at least annually and present a report to the Board; and



- p) monitor the Corporation's whistleblower hotline; perform internal reviews of reported breaches; address any breaches and report to the Board on a quarterly basis.

5. REVIEW AND REVISION OF CHARTER

- 5.1 Review annually this charter and recommend to the Board any changes, as deemed necessary.