

**MONARCH MINING CORPORATION**  
(the “Corporation”)

**CHARTER OF THE AUDIT COMMITTEE OF THE BOARD**

**I. PURPOSE**

The Audit Committee is a committee of the Corporation’s Board. The primary role of the Audit Committee is to help the Board to fulfill its responsibilities with respect to financial information and controls toward the shareholders of the Corporation and the financial community. The external auditors report directly to the Audit Committee. The primary duties and responsibilities of the Audit Committee are as follows:

- to ensure the integrity of the Corporation’s financial statements, and to review all financial reports and financial information provided by the Corporation to any government authority or issued to the public as well as all other relevant document;
- to recommend the nomination of external auditors and to review and assess their efficiency, to ensure their competence and independence, and to maintain open line of communication between the external auditors, financial operations management, executive officers and the Board;
- to act as an objective, outside party to oversee the methods of preparing the financial information, the application of internal controls and of rules respecting business management and financial risk, and compliance with legal, ethical and regulatory requirements; and
- to encourage the continuous improvement and observance, at all levels, of the practices, methods and policies of the Corporation.

**II. COMPOSITION**

The Audit Committee, including its Chairman, is made up of at least three directors of the Corporation, the majority of whom may not be employees, officers or “control persons” of the Corporation as defined herein below. The Board must ensure that all members are “financially literate” as defined herein below. The members of the Audit Committee are nominated by the Board, at the annual meeting of the Board following the Annual Meeting, for the next year or until their successors are nominated or elected. The Board may dismiss a member of the Audit Committee by resolution at any time, at its discretion. Unless the Chairman of the Audit Committee is nominated by the entire Board, the members of the Audit Committee may appoint the Chairman of the Audit Committee by majority vote of all members of the Audit Committee.

### **III. DUTIES AND RESPONSIBILITIES**

1. The Audit Committee is responsible for the following:
  - a) to review the audited annual consolidated financial statements and to recommend them to the Board for approval;
  - b) to review with the Corporation's financial operations management and external auditors the financial statements, management's discussion & analysis, press releases and any other documents relating to the financial results before they are filed with regulatory agencies and reported;
  - c) to review any document that contains the audited annual consolidated financial statements or includes them by reference, such as prospectuses, press releases announcing financial results and interim results before they are reported; and
  - d) to amend or add to the Corporation's security policies from time to time. The Audit Committee reports to the Board annually on the relevance of the instructions in effect for management of the Corporation's security programs.
2. In fulfilling its mandate, the Audit Committee is required:
  - (a) to see to the implementation of internal control measures and processes enabling the Chief Executive Officer and Chief Financial Officer to certify the financial statements and any other information document required under securities legislation;
  - (b) to recommend external auditors to the Board, to evaluate their independence and effectiveness, and to approve the external auditors fees and any other remuneration paid to the external auditors;
  - (c) to oversee relations between management and the external auditors, including the review of any letter of recommendation or any other external auditor's report, to discuss any significant difference of opinion or disagreement between management and the external auditors regarding financial reporting and to see that they are resolved;
  - (d) to review annually all significant relations between the Corporation and the external auditors in order to evaluate the external auditors' independence and discuss this with them, and to report to the Board;
  - (e) to review the performance of the external auditors and to approve any proposal for replacement when circumstances so warrant. To examine, with management, the reasons for retaining the services of other firms;
  - (f) to meet periodically with the external auditors, without management in attendance, to discuss the main risks, internal controls and any approach undertaken by management to control these risks, and to discuss the accuracy and completeness of the financial statements. Specific attention should be paid

to the capability of internal controls to detect any payment, transaction or method that may be deemed illegal or otherwise inappropriate;

- (g) to see to the availability of the external auditors in accordance with the needs of the Audit Committee and the Board. To ensure that the external auditors report directly to the Audit Committee and that they answer to the Board and the Audit Committee as auditor representatives towards whom the auditors are ultimately responsible;
- (h) to oversee the work of the external auditors retained for the preparation and issuance of an auditor's report or for other audit, review or attest services;
- (i) to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
- (j) to review the external audit program and fees;
- (k) to review the external auditor's report on the audited annual financial statements;
- (l) to review the problems identified during the audit and, if applicable, the limitations and restrictions imposed by management or any significant accounting issue for which management requests a second opinion;
- (m) to review the observations, both positive and negative, made by the external auditors during their audit;
- (n) to review with management and the external auditors the Corporation's main accounting policies, the impact of other applicable accounting policies, and the forecasts and decisions of management that may have a significant impact on the financial results;
- (o) to review new accounting issues and their potential impact on the financial information of the Corporation;
- (p) to review and approve any request for consultation with external auditors and to be informed of any request from management for non-audit services and the fees related thereto;
- (q) to review with management, the external auditors and legal counsel any legal proceedings or claim, including tax assessments, that could have a significant impact on the Corporation's financial position and operating results, and to ensure that they are disclosed in an appropriate manner;
- (r) to review the conclusions of the external auditor's evaluation of the internal control system as well as management's response;
- (s) to review with management the manner of ensuring and verifying the security of the Corporation's assets (including intellectual property) and information

systems, the competence of the personnel holding key positions, and improvement projects;

- (t) to review management's code of conduct and compliance with corporate governance policies;
  - (u) to review annually the legal requirements, the requirements of regulatory authorities, and the impact of any breach of these requirements on the financial information reported and on the Corporation's reputation;
  - (v) to receive periodic reports on the nature and scope of compliance with security policies. The Board must be informed of any non-compliance having significant consequences, and of the corrective measures and schedule proposed for remedying it;
  - (w) to see that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and must periodically assess the adequacy of those procedures;
  - (x) to review with management the accuracy and timeliness of the filings with regulatory authorities;
  - (y) to review the Corporation's business plans periodically;
  - (z) to review the annual audit program of the Corporation's external auditors;
  - (aa) to review annually the Corporation's general insurance coverage to ensure sufficient protection of the Corporation's assets, including without limitation, directors and officers liability insurance and coverage of key personnel;
  - (bb) to carry out any other task required by the Corporation's articles and any relevant securities policy or regulation; and
  - (cc) to 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.
3. The Audit Committee may engage independent counsels and other advisors as it determines necessary to carry out its duties, set and pay the compensation for these advisors and communicate directly with the internal and external auditors.
  4. The Audit Committee reviews the Charter of the Audit Committee annually and recommends any amendment it deems appropriate to the Board.

#### **IV. SECRETARY**

The Secretary of the Audit Committee is nominated by the Chairman of the Audit Committee.

#### **V. MEETINGS**

1. The Audit Committee meets on the dates, at the times and in the places determined by the Audit Committee, at least four times a year. The Audit Committee meets with management and the external auditors separately at least once a year.
2. The members of the Audit Committee may meet in person, by telephone or by videoconference.
3. A written resolution signed by all members of the Audit Committee has the same value as one adopted at a meeting of the Audit Committee.
4. Meetings of the Audit Committee will be held from time to time, as decided by the Audit Committee or the Audit Committee Chairman, upon 48 hours' notice to all Audit Committee members. A quorum of Audit Committee members may waive the notice period.
5. A meeting of the Audit Committee may be called by any member of the Audit Committee or by the external auditors. The external auditors receive notice of all meetings of the Audit Committee.
6. The minutes of each Audit Committee meeting are tabled at the first meeting of the Board following such Audit Committee meeting.

#### **VI. QUORUM**

A majority of members of the Audit Committee constitutes quorum at any Audit Committee meeting.

#### **VII. DEFINITIONS**

**"Financially literate"** means an individual who 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 Corporation's financial statements.

**"Control person"** means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.

Approved by the Board of Directors on January 26, 2021.