



ALMONTY INDUSTRIES INC.

AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

May 28, 2021

Policy Statement

It is the policy of Almonty Industries Inc. (the “Corporation”) to establish and maintain an Audit and Risk Management Committee to assist the Board of Directors of the Corporation (the “Board”) in carrying out their oversight responsibility for the Corporation’s internal controls, financial reporting and risk management processes. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties, within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

Composition of the Committee

1. The Committee shall consist of at least three directors, each of whom shall be “independent” (determined in accordance with National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators or under the requirements or guidelines established under the applicable rules of any stock exchange on which the Corporation’s securities are listed for trading). The Board shall appoint the members of the Committee annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders of the Corporation after his or her appointment or until his or her successor shall be duly appointed and qualified. The Board shall appoint one member of the Committee to be the Chair of the Committee.
2. Each member of the Committee shall be “financially literate”. In order to be financially literate, a director must have 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 issues that can be reasonably expected to be raised by the Corporation’s financial statements.
3. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board at any time or until his or her resignation. A member of the Committee shall automatically cease to be a member of the Committee upon ceasing to be a director.
4. The Board may fill vacancies on the Committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining

members may exercise all of the Committee's powers as long as a quorum remains in office.

Meetings of the Committee

1. The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the external auditors, or a senior officer of the Corporation. Meetings of the Committee shall correspond with the review of the quarterly financial statements of the Corporation and management's discussion and analysis thereon.
2. Notice of each meeting of the Committee shall be given to each member of the Committee and to the external auditors of the Corporation, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.
3. Notice of a meeting of the Committee shall:
 - (a) be in writing;
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (c) to the extent practicable, be accompanied by copies of the documentation to be considered at the meeting; and
 - (d) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
4. A quorum for the transaction of business at a meeting of the Committee shall be the majority of the members of the Committee. However, it shall be the practice of the Committee to require review, and, if necessary, approval of certain important matters by all members of the Committee.
5. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the Secretary of the meeting.
7. The Chair of the Board, senior management of the Corporation and other parties may attend meetings of the Committee; however the Committee (i) shall meet with the

external auditors independent of management as necessary, in the sole discretion of the Committee, and (ii) may meet separately with management.

8. The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair of the Committee shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair of the Committee. Minutes of the proceedings of the Committee shall be kept in a minute book provided for that purpose. The minutes of the Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

Duties and Responsibilities of the Committee

Audit and Financial Reporting

The Committee's primary duties and responsibilities with respect to oversight of audit and financial reporting are to:

- (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
- (b) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (c) monitor the independence and performance of the Corporation's external auditors;
- (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
- (e) directly oversee the external audit process and results and resolve any disagreements between management and the external auditor regarding financial reporting;
- (f) provide an avenue of communication among the external auditors, management and the Board; and
- (g) establish a Whistleblower Policy for the Corporation to ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.

Risk Management:

The Committee's primary duties and responsibilities with respect to risk management are to:

- (a) reviewing and making recommendations to the Board in relation to the adequacy of the Corporation's processes for managing risks, including:
 - (i) in relation to any incident involving fraud or other deficiency of the Corporation's internal controls;
 - (ii) in relation to the Corporation's insurance program, having regard to the Corporation's business and the insurable risks associated, review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities;
- (b) ensuring the development of an appropriate risk management policy framework that will provide guidance to the senior executives in implementing appropriate risk management practices throughout the Corporation's operations, practices and systems and overseeing this framework;
- (c) defining and periodically reviewing risk management as it applies to the Corporation and clearly identifying all stakeholders;
- (d) reviewing how the Corporation communicates its risk management philosophy, policies and strategies to Directors, senior executives, employees, consultants, contractors and appropriate stakeholders;
- (e) ensuring that the Board and Management establish a risk aware culture which reflects the Corporation's risk policies and philosophies;
- (f) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;

Other Duties of the Committee

1. The Committee shall have the authority to:
 - (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
 - (b) discuss with the management and senior staff of the Corporation, its subsidiaries and affiliates, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;
 - (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
 - (d) set and pay the compensation for any advisors employed by the Committee.

2. The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
3. The Committee shall:
 - (a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor and the compensation of the external auditors;
 - (b) consider the recommendations of management in respect of the appointment of the external auditors;
 - (c) review the audit plan with the Corporation's external auditors and with management;
 - (d) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
 - (e) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
 - (f) review and resolve any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (g) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
 - (h) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;
 - (i) review and recommend for approval by the Board, the audited annual financial statements, management's discussion and analysis and related documents in conjunction with the report of the external auditors;
 - (j) review and recommend for approval by the Board, the quarterly unaudited financial statements, management's discussion and analysis and related documents;

- (k) before release, review and recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including annual and quarterly financial statements, management's discussion and analysis, annual reports, annual information forms and press releases;
 - (l) oversee any of the financial affairs of the Corporation, its subsidiaries and affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management;
 - (m) pre-approve all non-audit services to be provided to the Corporation, its subsidiaries and affiliates by the external auditors;
 - (n) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;
 - (o) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Change of Auditors Notice and documentation required pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* (or any successor legislation) and the planned steps for an orderly transition period;
 - (p) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities laws, on a routine basis, whether or not there is to be a change of external auditors; and
 - (q) review with management at least annually, the financing strategy and plans of the Corporation.
4. The Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
 5. The Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Committee by any member of the Board, a securityholder of the Corporation, the external auditors, or senior management.
 6. The Committee shall periodically review with management the need for an internal audit function.
 7. The Committee shall review the Corporation's accounting and reporting of environmental costs, liabilities and contingencies.
 8. The Committee shall establish and maintain procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and

- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- 9. The Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors.
- 10. The Committee shall review with the Corporation's legal counsel as required, but at least annually, any legal matter that could have a significant impact on the Corporation's financial statements and any enquiries received from regulators or government agencies.
- 11. The Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Committee.

Last Update: May 28, 2020

Approved by: Audit and Risk Management Committee

Board of Directors