

## MOSAID TECHNOLOGIES INCORPORATED

### AUDIT COMMITTEE MANDATE

#### Purpose

The Board of Directors (the “**Board**”) of MOSAID Technologies Incorporated (“**MOSAID**”) has established the Audit Committee (the “**Committee**”) as a standing committee of the Board for the purposes of overseeing the audit and financial reporting process, ensuring the adequacy and effectiveness of MOSAID’s internal controls and procedures for financial reporting and ensuring the adequacy and effectiveness of MOSAID’s risk management program. The Committee is hereby constituted with all the powers and duties conferred on it by the laws governing MOSAID and such powers and duties as may be conferred on it from time to time by resolution of the Board.

#### Member Qualifications, Appointment and Removal

The members of the Committee (the “**Members**”), and from amongst those Members, the Chairperson of the Committee, are appointed annually by the Board. The Board will appoint not less than three directors as Members.

No director who is an officer or employee of MOSAID (or any related entity of MOSAID) may be a Member. The Committee and each Member must meet the independence and audit committee composition requirements promulgated by all governmental and regulatory bodies exercising control over MOSAID as may be in effect from time to time, including those of any stock exchange upon which MOSAID’s shares are listed. In general, each Member must be free of any relationship with MOSAID that could or could reasonably be perceived to, in the opinion of the Board, interfere with the exercise of that director’s judgment as a Member.

All Members must be able to read and understand fundamental financial statements including MOSAID’s balance sheet, income statement and cash flow statement. At least one Member must have a professional accounting certification (or equivalent) or comparable experience and background that results in that Member’s financial sophistication.

Any Member may be removed or replaced at any time by the Board as needed. A Member shall cease to be a Member upon ceasing to be a MOSAID director. The Board will fill vacancies on the Committee by the appointment of other qualified directors.

#### Duties and Responsibilities

In general, the Committee performs a number of roles including (i) assisting directors to meet their responsibilities, (ii) providing better communication between directors and

MOSAID's external auditors, (iii) enhancing the independence of the external auditor, (iv) increasing the credibility and objectivity of financial reports and (v) strengthening the role of the directors by facilitating in-depth discussions amongst directors, management and the external auditor. The Committee will have the specific duties and responsibilities set out below, as well as other such duties that are, in the opinion of the Board, in line with the purpose of the Committee as stated above.

#### *Relationship with Auditors*

The Committee is responsible for managing, on behalf of MOSAID's shareholders, the relationship between MOSAID and its external auditors. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) be directly responsible for recommending the selection and determining the compensation of the external auditor;
- (b) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for MOSAID;
- (c) establish procedures to monitor the independence of the external auditor and take necessary actions to eliminate all factors that might impair or be perceived to impair the independence of the external auditor;
- (d) annually require the external auditors to identify the relationships that may affect its independence;
- (e) establish procedures for review and approval of all audit and permitted non-audit services provided by external auditors;
- (f) pre-approve all non-audit services to be provided to MOSAID or its subsidiaries by the external auditor, which pre-approval may be delegated to any Member; and
- (g) provide the external auditor with the opportunity to meet with the Committee or the Board without management present at each regularly scheduled meeting of the Committee or the Board.

#### *Audit and Financial Reporting*

The Committee is responsible for overseeing the audit and financial reporting process. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) review, establish and monitor each annual audit of the external auditor with a written audit plan, including scope, fees and schedule;

- (b) review with both management and the external auditor the appropriateness and acceptability of MOSAID's critical accounting policies and any proposed changes thereto;
- (c) review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with MOSAID's business, all alternative treatments of financial information with GAAP that have been discussed with management, the material assumptions made by management relating to them and their effect on MOSAID's financial statements;
- (d) question management and the external auditor regarding financial reporting issues discussed during the fiscal period;
- (e) review any problems experienced by the external auditors in performing audits;
- (f) review and discuss the audited annual financial statements in conjunction with the external auditor and review with management all significant variances between comparative reporting periods;
- (g) review and discuss the external auditor's report with the external auditor and management;
- (h) review all material written communications between the external auditor and management, including post audit or management letters containing recommendations of the external auditors, management's response and follow up with respect to the identified weaknesses;
- (i) review with management and with the external auditors, as appropriate, MOSAID's financial statements, MD&A and annual and interim earnings press releases prior to their public dissemination;
- (j) satisfy itself that adequate procedures are in place for the review of MOSAID's public disclosure of financial information extracted or derived from MOSAID's financial statements, other than the public dissemination referred to in (i) above;
- (k) review with management MOSAID's relationship with the regulators and the quality of its filings with the regulators; and
- (l) review with the General Counsel ("GC") any current or anticipated litigation or legal activity that could have a material effect on MOSAID's financial position.

### *Internal Controls and Procedures*

The Committee is responsible for overseeing the design, implementation and on-going effectiveness of a system of internal controls. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) establish, monitor and review policies and procedures for internal accounting, financial control and management information (“**Internal Controls**”);
- (b) establish procedures for: (i) the receipt, retention and treatment of complaints received by MOSAID regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by MOSAID employees of concerns regarding questionable accounting or auditing matters;
- (c) monitor compliance with MOSAID’s Whistleblower Protection Policy on Financial Matters and coordinate and review all investigations undertaken thereunder;
- (d) consult with the external auditor regarding the adequacy of the Internal Controls and review with the external auditor its report on the Internal Controls;
- (e) address, on a regular basis, any perceived shortcomings in the Internal Controls;
- (f) review the involvement of officers and directors in any matter related to business ethics or potential conflict of interest and advise the Board on the appropriate course of action;
- (g) review and approve MOSAID’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor;
- (h) prior to MOSAID entering into any Related Transaction, review the Related Transaction and recommend its approval or rejection by the Board. For the purposes of this Mandate, a “**Related Transaction**” means a business transaction or contract between MOSAID and a party in which a MOSAID director or officer has a direct or indirect interest. This direct or indirect interest could exist by virtue of the following: (i) the party is the director or officer; (ii) the director or officer, or their relative or spouse, is on the board of directors or is an officer of the party entering into such a business transaction with MOSAID; or (iii) the director or officer, or their relative or spouse, has a financial interest in the party entering into such a business transaction with MOSAID;

- (i) annually, review any ongoing Related Transactions and report to the Board; and
- (j) obtain from management adequate assurances that all statutory payments and withholdings have been made.

### *Risk Management*

The Committee is responsible for overseeing the process by which MOSAID assesses and manages risk. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

- (a) identify risks inherent in MOSAID's business ("**Risks**");
- (b) maintain policies and procedures that address the Risks on a reasonable, cost-effective basis;
- (c) in conjunction with management, review, on an annual basis, all aspects of MOSAID's risk management program, including all significant policies and procedures relating to insurance coverage, foreign exchange exposures and investments (including MOSAID's use of financial risk management instruments);
- (d) monitor compliance with environmental codes of conduct and legislation; and
- (e) monitor compliance with safety codes of conduct and legislation.

### *Other*

In furtherance of its duties, the Committee shall:

- (a) meet regularly with management to discuss any areas of concern to the Committee or management;
- (b) consider whether the quality of employees involved in the audit and financial reporting process and the processes described herein meets an acceptable standard; and
- (c) annually review this Mandate and any other documents used by the Committee in fulfilling its responsibilities.

### Meetings, Structure and Reporting

The Committee meets as required, but at least quarterly, typically, the day before the full Board to allow ample time for discussion. A majority of the Committee shall constitute a quorum. At all meetings of the Committee, every question shall be decided by a majority of the votes cast on the question. The Chief Executive Officer ("**CEO**"), Chief Financial

Officer (“CFO”), GC and any other employee shall attend Committee meetings upon the Committee’s request and, subject to the Committee requesting otherwise, the Corporate Secretary, or his designee, shall act as secretary at all Committee meetings. The audit partner from the external auditor will be invited to meet with the Committee at least twice a year and may request a meeting with the Committee at any time.

The Committee shall report to the Board on all proceedings, deliberations, decisions and recommendations of the Committee at the first subsequent meeting of the Board and at such other times and in such manner as the Board may require or as the Committee may, in its discretion, consider advisable.

### Chairperson

The Chairperson’s primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and that its organisation and mechanisms are in place and are working effectively. More specifically, the Chairperson shall:

- (a) chair meetings of the Committee;
- (b) in consultation with the Chairperson of the Board, the Members, the CFO and Corporate Secretary, set the agendas for the meetings of the Committee;
- (c) in collaboration with the Chairperson of the Board, the CEO, the CFO and the Corporate Secretary, ensure that agenda items for all Committee meetings are ready for presentation and that adequate information is distributed to Members in advance of such meetings in order that Members may properly inform themselves on matters to be acted upon;
- (d) assign work to Members;
- (e) approve the expense report of the Chairperson of the Board;
- (f) act as liaison and maintain communication with the Chairperson of the Board and the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee;
- (g) provide leadership to the Committee with respect to its functions as described in this Mandate and as otherwise may be appropriate;
- (h) be available to the CFO one full business day per calendar quarter to provide advice and guidance; and
- (i) on an interim and emergency basis, as may be required, have authority to make any decision which is within the mandate of the Committee,

provided that the Chairperson shall advise the other Members forthwith after this power has been used.

Authority

The Committee shall have unrestricted access to MOSAID's external auditors, MOSAID personnel and, subject to any applicable confidentiality requirements and/or privacy laws, documents and shall be provided with the resources necessary to carry out its duties. The Committee may, in its sole discretion and at MOSAID's expense, retain and agree to compensate independent counsel or advisors to assist with the performance of its duties.