



**AUDIT COMMITTEE TERMS OF REFERENCE**

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## 1. PURPOSE

The purpose of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of LSC Lithium Corporation (the “**Corporation**”) will be to provide oversight and make recommendations to the Board with respect to the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Corporation and compliance with related legal and regulatory requirements. In addition, the Board may refer to the Committee such matters and questions relating to the financial position of the Corporation and its subsidiaries and other matters within the scope of the Committee’s responsibilities as the Board deems appropriate.

In exercising its oversight, the Committee is not responsible for preparing the Corporation’s financial statements, designing internal controls or planning or conducting audits. It is the responsibility of management of the Corporation to prepare financial statements that are complete and accurate and in accordance with generally accepted accounting principles and to design and implement an effective system of internal controls. The Corporation’s external auditors are responsible for planning and performing an audit in accordance with generally accepted auditing standards and expressing an opinion as to the fair presentation of the Corporation’s financial statements in accordance with generally accepted accounting principles.

## 2. MEMBERSHIP

The Committee will be appointed by the Board and will consist of at least three directors of the Corporation, a majority of which meet the independence requirements and all of whom are financially literate within the requirements applicable to the Corporation from time to time under the policies of the TSX Venture Exchange.

A member may be removed at any time by the Board and will cease to be a member upon ceasing to be a director of the Corporation.

## 3. MEETINGS AND PROCEDURE

The Committee will meet at least four times per year. Unless otherwise directed by the Board, the Committee will have the power to fix its quorum at not less than a majority of its members and to determine its own procedures for the calling and holding of meetings. The Committee will not transact business except at a meeting at which a quorum is present or by a resolution in writing signed by all of the members of the Committee.

The Chair of the Committee will be determined by the Board. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting will be appointed to preside as chair of the meeting.

The Committee may appoint a Secretary, who need not be a director of the Corporation, to keep minutes of all Committee meetings. The Committee will, when the Committee may deem appropriate but in any event not later than the next regular meeting of the Board, report to the Board all action it has taken since its previous report to the Board, and will make such recommendations to the Board as it deems prudent as a result of such action. The Committee may require the external auditors and any officer of the Corporation to attend its meetings and to take part in the discussion and consideration at any meeting or part thereof.

## 4. RELATIONSHIP WITH EXTERNAL AUDITORS

The Committee will recommend to the Board each year (i) the external auditors to be nominated for appointment by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, and (ii) the compensation of the external auditors. The Committee will review the circumstances surrounding any proposed change in the external auditors and will recommend the removal of the external auditors if the circumstances warrant.

The external auditors of the Corporation will report to and ultimately be accountable to the Committee and the Board as representatives of the shareholders of the Corporation. The Committee will be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

## 5. DUTIES AND RESPONSIBILITIES

In addition to the duties and responsibilities set out elsewhere herein, the Committee will:

### Financial Reporting and Disclosure

- a) review and discuss with management and the external auditors the Corporation's financial reporting and the preparation of its financial statements, including the assessment of the external auditors as to the quality and appropriateness of the Corporation's accounting principles, material estimates and judgments as applied in its financial reporting;
- b) review and discuss with management and the external auditors, where appropriate, the following financial documents and reports prior to public disclosure:
  - i. the annual and interim financial statements of the Corporation and management's discussion and analysis of financial condition and results of operations with respect to such financial statements;
  - ii. all annual and interim earnings press releases of the Corporation;
  - iii. all certifications that may be made by the Chief Executive Officer and Chief Financial Officer regarding the Corporation's annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting; and
  - iv. any financial information contained in any prospectus, annual information form, management information circular or other disclosure document or regulatory filing of the Corporation;
- c) ensure that adequate procedures are in place for the review of the Corporation's public disclosure in any other document of financial information extracted or derived from the Corporation's financial statements, and will periodically assess the adequacy of those procedures;
- d) review with management and external counsel the status of any material pending or threatened litigation, claims, assessments and regulatory proceedings that may have a material impact on the Corporation's financial statements;

### Policies, Procedures and Internal Controls

- a) review with management and the external auditors all significant accounting practices and policies and all changes or proposed changes in such practices and policies and in financial reporting requirements that may affect the Corporation's financial statements, as well as key estimates and judgments of management that may be material to financial reporting;
- b) review with management the adequacy of the Corporation's insurance coverage, including directors' and officers' liability coverage;
- c) review with management the financial and other risks facing the Corporation and any changes in these risks, and assess the systems, procedures and other steps management has taken to manage such risks, including the use of any financial derivatives and hedging activities;
- d) review with management the quality and adequacy of the Corporation's accounting systems and internal control procedures in light of legal and regulatory requirements, and where recommendations are made for the improvement of such systems and procedures, monitor management's corrective actions;
- e) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, including procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

### Relationship with External Auditors

- a) review and discuss with the external auditors all significant relationships that the external auditors have with the Corporation and its affiliates in order to assess the external auditors' independence and recommend that the Board take appropriate action in response to any such relationships that bear on such independence;
- b) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation to ensure compliance with the rules of any applicable regulatory authority;

- c) review annually with management and the external auditors the audit plan for the current year, including the proposed timing, scope and fees for such audit;
- d) review any matters raised by the external auditors as affecting the conduct of their audit, including any restrictions imposed by management on the scope of the external auditors' examinations;
- e) review the performance of the external auditors including the relationship between the external auditors and management; and
- f) pre-approve all non-audit services to be provided to the Corporation or any of its subsidiaries by the Corporation's external auditors, which may be by the adoption of policies and procedures for the engagement of such services which are detailed as to the particular services, require the Committee to be informed of each such service and do not include delegation of the Committee's responsibilities to management;
- g) review any post-audit or management letters containing the recommendations of the external auditors, and management's response;

Other

- a) consider any matters that management or the external auditors wish to refer to the Committee, including any unresolved disagreements between management and the external auditors; and
- b) at the request of the Board or on the Committee's own initiative, investigate such other matters as are considered necessary or appropriate in the circumstances.

The Committee will be entitled in its sole discretion to (i) retain independent counsel and other advisors as it determines necessary to carry out its responsibilities, (ii) set and pay the compensation for any advisors retained by the Committee, and (iii) communicate directly with the Corporation's internal and external auditors.

The Committee will be entitled to delegate from time to time to any individual or subcommittee any of its responsibilities that lawfully may be delegated.

The Committee will review and reassess these Terms of Reference, including the Committee's performance, at least annually and otherwise as it determines to be appropriate and propose any recommended changes to the Board.