

**BADGER DAYLIGHTING LTD.  
MANDATE OF THE AUDIT COMMITTEE**

**Adoption**

This Mandate of the Audit Committee has been adopted by the Board of Directors (the “**Board**”) of Badger Daylighting Ltd. (the “**Corporation**”).

**References to “Badger”**

In this Mandate of the Audit Committee, “**Badger**” means the Corporation and, where the context requires, the Corporation and its subsidiaries considered on a consolidated basis.

**Policy Statement**

It is the policy of the Corporation to establish and maintain an Audit Committee (the “**Audit Committee**”), composed entirely of independent directors of the Corporation, to assist the Board in carrying out its oversight responsibility for Badger’s internal controls, financial reporting and risk management processes. The Audit 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 Audit 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 Audit Committee shall consist of at least three directors of the Corporation (the “Directors”). The Board shall appoint the members of the Audit Committee. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.**
2. **Each Director appointed to the Audit Committee by the Board shall be an independent Director. Generally speaking, a Director is “independent” if such Director has no direct or indirect material relationship with Badger and a “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the Director’s independent judgment. In determining whether a Director is independent of management, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.**
3. **Each member of the Audit Committee shall be “financially literate”. In order to be financially literate, a Director must be, at a minimum, able to read and understand basic financial statements, and at least one member shall have “accounting or related financial management expertise”, meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.**
4. **A Director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.**
5. **The Chairman of the Board shall be an *ex officio* member of the Audit Committee.**

## Meetings of the Committee

1. **The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of Badger.**
2. **Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee.**
3. **Notice of a meeting of the Audit 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 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 Audit Committee may permit.
4. **A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee (excluding the Chairman of the Board). However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.**
5. **A member or members of the Audit Committee may participate in a meeting of the Audit 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 Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.**
7. **The Chairman of the Board, senior management of Badger and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet with the external auditors independent of management and (ii) may meet with management or independently of management.**
8. **Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.**
9. **The Audit Committee members shall have an “in camera” session without management at every quarterly Audit Committee meeting and at other meetings when deemed appropriate. The Audit Committee members shall have an “in camera” session without management but with the auditor at each Audit Committee meeting held to approve the annual financial statements and at other meetings when deemed appropriate.**

## **Duties and Responsibilities of the Committee**

### **1. The Audit Committee's primary duties and responsibilities are to:**

- (a) oversee the management of the principal risks that could impact the financial reporting of Badger;
- (b) oversee management's monitoring of the integrity of Badger's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (c) monitor the independence and performance of Badger's external auditors;
- (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
- (e) oversee the external audit process and results (in addition to items described in Section 4 below);
- (f) provide an avenue of communication among the external auditors, management and the Board;
- (g) 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; and

### **2. The Audit Committee shall have the authority to:**

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

### **3. The Audit 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.**

### **4. The Audit Committee shall:**

- (a) review the audit plan with Badger's external auditors and with management;
- (b) 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 judgements of management that may be material to financial reporting;
- (c) 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;

- (d) review 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;
- (e) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
- (f) review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;
- (g) 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 Badger and subsequent follow-up to any identified weaknesses;
- (h) review with financial management the quarterly unaudited financial statements and management's discussion and analysis before release to the public;
- (i) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management's discussion and analysis and press releases; and
- (j) oversee any of the financial affairs of Badger, and, if deemed appropriate, make recommendations to the Board, external auditors or management.

5. **The Audit Committee shall:**

- (a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor or the discharge of the external auditor when circumstances are warranted;
- (b) consider the recommendations of management in respect of the appointment of the external auditors;
- (c) pre-approve all non-audit services to be provided to Badger by its external auditors;
- (d) 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;
- (e) 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 Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition period; and
- (f) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

6. **The Audit Committee shall review all securities offering documents (including documents incorporated therein by reference) of Badger.**
7. **The Audit Committee shall review the amount and terms of any insurance to be obtained or maintained by Badger 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.**
8. **The Audit Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.**
9. **The Audit 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 Audit Committee by any member of the Board, a securityholder of Badger, the external auditors, or senior management.**
10. **The Audit Committee shall periodically review with management the need for an internal audit function.**
11. **The Audit Committee shall establish and maintain procedures for:**
  - (a) the receipt, retention and treatment of complaints received by Badger regarding accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of Badger on concerns regarding questionable accounting or auditing matters.
12. **The Audit Committee shall review and approve Badger's hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.**
13. **The Audit Committee shall review with Badger's legal counsel as required, but at least annually, any legal matter that could have a significant impact on Badger's financial statements, and any enquiries received from regulators, or government agencies.**
14. **The Audit Committee shall assess, on an annual basis, the adequacy of this Mandate and the performance of the Audit Committee.**

#### **Document Control Information**

Approved by Board of Directors: March 11, 2020

Originally dated: January 1, 2011

Last amended: February 26, 2020

Last reviewed: February 26, 2020