

## **AUDIT COMMITTEE MANDATE**

### ***Purpose***

The audit committee (the "**Audit Committee**") is a committee of the Board of Mullen Group established to assist the Board in fulfilling its oversight responsibilities in relation to the accounting, internal controls, financial reporting and regulatory processes of Mullen Group and the auditing of its financial statements. Its primary functions are to assist the Board in fulfilling its oversight responsibilities with respect to: (i) the integrity of the financial information provided to Mullen Group shareholders, regulatory bodies and other interested parties; (ii) compliance with accounting and finance based regulatory requirements; (iii) the internal financial control systems established by management; (iv) the work of the external auditors, including their qualifications and independence from Mullen Group; and (v) the audit process.

#### **1. Composition and Terms of Office**

- a. The Board shall appoint from its members, on an annual basis, not less than three directors to serve on the Audit Committee. Such appointment shall typically take place at the first directors' meeting held after the date of the annual general meeting, and the appointed members shall normally hold office for a one-year period.
- b. Each committee member shall qualify as an "**independent director**" and shall be "**financially literate**" for the purposes of any applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation.
- c. The Chair of the Audit Committee (the "**Audit Chair**") shall be appointed by the Board on the recommendation of the committee members. The Audit Chair may be removed and replaced by the Board at any time.
- d. Where a vacancy occurs on the Audit Committee it may be filled by the Board. Any member may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Audit Committee upon ceasing to be a member of the Board.

#### **2. Meetings**

- a. The Audit Committee shall meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements and reports. Additional meetings may be held as deemed necessary by the Audit Chair, as requested by any two members of the Audit Committee, by the outside internal control auditors (if any have been retained) or the external auditors.
- b. A quorum for a meeting shall be a majority of the Audit Committee members.
- c. If the Audit Chair is not present at any meeting of the Audit Committee, one of the other committee members shall be chosen by the Audit Committee to preside at the meeting.
- d. A member may in any manner waive notice of a meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- e. The Corporate Secretary or some other person designated by the Audit Committee shall be Secretary to the Audit Committee.
- f. Minutes of the Audit Committee meetings shall be provided to all committee members and the external auditors. The full Board shall be kept informed of the Audit Committee's activities by presentation of a report, verbal or otherwise, at the next Board meeting following each Audit Committee meeting.



### 3. Attendance at Meetings

- a. Certain members of management are expected to be available to attend meetings or portions thereof, as determined by the Audit Chair. The Committee is authorized to request the presence, at any meeting, of a representative from the external auditors, senior management, outside internal auditors (if any have been retained), legal counsel or anyone else who could contribute substantively to the subject of the meeting.
- b. The Audit Chair shall have the right to determine who shall and who shall not be present at any time during a meeting of the Audit Committee.
- c. Directors, who are not members of the Audit Committee, may be invited to attend Audit Committee meetings on an ad hoc basis.

### 4. Duties and Responsibilities

In carrying out its mandate, the Audit Committee is expected to:

- a. Financial Control and Reporting Systems
  - i. Discuss guidelines and policies with respect to risk assessment and risk management, including the processes management uses to assess and manage Mullen Group's risk; review reports from management outlining any significant changes in financial risks or exposures facing Mullen Group; and discuss major financial risk exposures and steps management has taken to monitor and manage such exposures.
  - ii. Review reports from management and/or the external auditors in relation to changes in accounting policies or financial reporting requirements.
  - iii. Review reports on the sufficiency of Mullen Group's internal control over financial reporting and disclosure controls and procedures from management and/or the annual report of the outside internal control auditor, if any has been retained by Mullen Group.
  - iv. Review any new appointments to executive positions with financial reporting responsibilities and review and approve Mullen Group's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
  - v. Satisfy itself that Mullen Group has appropriate systems of internal control for the safeguarding of assets and for financial reporting necessary to ensure compliance with legal and regulatory requirements.
  - vi. Receive and review reports from Mullen Group's Disclosure Committee.
  - vii. Meet in-camera with the outside internal control auditor, if any, on an annual basis, without management present.
  - viii. Meet in-camera with the CEO, the CFO and the external auditors on a quarterly basis. In-camera session with the external auditors shall take place in closed sessions without management present.
- b. Quarterly Financial Review
  - i. Review the external auditor's interim review findings reports, including whether any limitations were placed on the scope or nature of the audit procedures.
  - ii. Review the quarterly financial statements, management's discussion and analysis and associated press release with management and the external auditors, and formally recommend their approval to the Board (such approval to include the authorization for public release).



- iii. Review any changes in accounting policies or financial reporting requirements that may affect the current period's financial statements.
- c. Annual Financial Statements and Other Financial Information
  - i. Review summaries of material transactions and other complex matters whose treatment in the annual financial statements merits advance consideration.
  - ii. Review the external auditor's annual review findings report, including whether any limitations were placed on the scope or nature of the audit procedures.
  - iii. Review the annual audited financial statements, management's discussion and analysis and associated press release with management and the external auditors, and formally recommend their approval to the Board (such approval to include the authorization for public release).
  - iv. Review the Information Circular and Annual Information Form as to financial information or other material information or content within the Audit Committee's purview with management, and formally recommend their approval to the Board.
  - v. Review any other information circular or prospectus as to financial information or other material information or content within the Audit Committee's purview with management, and formally recommend their approval to the Board.
- d. External Auditors, Audit Plan and non-Audit Services
  - i. Recommend to the Board each year
    - A. the external auditor to be nominated for appointment as external auditors of Mullen Group, and
    - B. their terms of engagement and remuneration.

This recommendation will be presented to shareholders for ratification at the annual general meeting.
  - ii. Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the committee and the ultimate accountability of the external auditor is to the Audit Committee as representatives of the Corporation's shareholders.
  - iii. Review the audit plan for the ensuing year with management and the external auditors, and formally recommend its approval to the Board.
  - iv. Pre-approve all non-audit services to be provided to Mullen Group by the external auditor.
  - v. Take all reasonable steps to satisfy itself that the external auditor does not provide non-audit services or otherwise operate in a way that would disqualify it as independent under section 161 of the ABCA or Rule 204 of the Canadian Institute of Chartered Professional Accountants.
  - vi. Perform an evaluation of the external auditor on an annual basis, which review considers
    - A. The output quality and cost effectiveness of the external auditor; and
    - B. The relationship between the auditor and executive management to ensure an appropriate balance between independence and objectivity, while working together with management in an environment of constructive challenge.



e. Enterprise Risk

- i. The Audit Committee shall be responsible for reviewing management's enterprise risk report and assessing the strategic, financial and operational risks of the Corporation ("**Risks**") on an annual basis.
- ii. The Audit Committee shall be responsible for reviewing management's quarterly enterprise risk report in respect of changes, revisions or updates to the Risks of the Corporation.

f. Whistleblower Policy (the "**Guide**")

- i. The Audit Committee shall oversee Mullen Group's established facility for the anonymous submission, retention and treatment of complaints received from employees or other interested parties regarding questionable accounting matters, internal accounting controls or auditing matters in accordance with the applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation.
- ii. The Audit Chair will be responsible for investigating and resolving all reported complaints and allegations concerning Mullen Group's accounting practices, internal accounting controls or auditing matters. The Audit Chair shall provide a quarterly report, verbal or otherwise, to the Audit Committee and the Board. The Audit Chair, at his sole discretion, may delegate the investigation and resolution of complaints to the SEO, SCO or the SFO.

g. Other Matters

- i. The Audit Committee shall annually review:
  - A. its mandate; and
  - B. the adequacy of insurance coverage including directors' and officers' liability coverage.
- ii. The Audit Committee is empowered to review the appropriateness and effectiveness of any activity or business practice (including related party transactions), which impacts the financial integrity of Mullen Group, and all employees shall be required to co-operate with the Audit Committee.

5. Engagement of Outside Advisors

At the Corporation's expense, the Committee may retain, when it considers it necessary or desirable, outside advisors or consultants to advise the Committee independently on any matter. The Committee shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to establish or review an advisor's or consultant's fees and retention terms and to direct payment thereof.

6. Limitation of Audit Committee's Role

While the Audit Committee has the responsibilities and powers set forth in its mandate, it is not the duty of the Audit Committee to prepare financial statements or plan and conduct audits. These are the responsibilities of management and the external Auditors, respectively. The Audit Committee's responsibility is to satisfy itself that Mullen Group's financial statements and disclosures are complete and accurate and are in accordance with International Financial Reporting Standards and applicable rules and regulations.

7. Delegation of Duties

The Audit Committee, upon approval by a majority of the members of such committee, may delegate authority and duties to subcommittees or individual members of the Audit Committee as it considers



appropriate. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, bearing in mind that such services do not compromise the independence of the external auditor.

8. Work Plan

The Audit Committee, in consultation with the Board and management, shall develop and maintain an Audit Committee work plan setting out the scheduled business to be conducted at the Audit Committee's regular meetings throughout the fiscal year on all matters within its mandate and any other matters as may be determined to be necessary or appropriate.

