



# Audit Committee Charter

<b>Owner</b>	Audit Committee
<b>Approver</b>	Board of Directors

**Target Audience:**

Audit Committee	Board of Directors	Shareholders	Investment Community
Employees	Management		

<b>Classification</b>	<input checked="" type="checkbox"/> Public	<input type="checkbox"/> Internal	<input type="checkbox"/> Confidential
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Whistle Blower Policy	Audit Committee Activities Roadmap

**Document Purpose**

The purpose of this document is to detail the Audit Committee purpose, authority, responsibilities, and practices.

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## PURPOSE

The primary function of the Audit Committee (the “Committee”) of Orogen Royalties Inc. (the “Company”) is to provide an open avenue of communication between management, the independent auditor, and the Board as well as to assist the Board in its oversight of the:

1. integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
2. processes for identifying and managing the principal financial risks of the Company and the Company’s internal control systems that ensures fair, complete and accurate financial reporting;
3. Company’s compliance with legal and regulatory requirements related to financial reporting; and
4. independence and performance of the Company’s external auditor.

The Committee shall perform the duties listed in this Charter consistent with the Company’s by- laws and governing laws as the Committee deems necessary or appropriate as delegated and approved by the Board.

## MEMBERSHIP AND OPERATIONS

The Committee shall consist of at least three directors with a majority of the members being “independent” as such term is defined in National Instrument 52-110, Audit Committees, as may be amended or replaced from time to time.

All members shall have sufficient financial literacy, which means 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 the issues that can reasonably be expected to be raised by the Company’s financial statements.

Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee each member will hold such office until the Committee is reconstituted.

The Committee's Chair shall be designated by the Board. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

## AUTHORITY

The Board of Directors has granted the Committee the authority herein provided. In discharging its duties under this Charter, the Committee may investigate any matter brought to its attention and will have access to all books, records, facilities and personnel, may conduct meetings or interview any officer or employee, the Company's legal counsel, external auditors and consultants and may invite any such persons to attend any part of any meeting of the Committee. The Committee has the authority to retain, at the Company's expense, persons having special competencies (including, without limitation, legal, accounting, compensation or other consultants and experts) to assist the Committee in fulfilling its responsibilities. The Committee has the sole authority to terminate the Committee's engagement of its experts and to approve the fees and other terms of retention of such experts. The Committee has the authority to communicate directly with external auditors, and any internal auditors.

## RESPONSIBILITIES

The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with the International Financial Reporting Standard ("IFRS"). Management is also responsible for establishing and upholding systems of internal control and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The external auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Company in accordance with IFRS. The Committee is directly responsible for the appointment, compensation, evaluation, termination, and oversight of the work of the external auditor. The external auditor shall report directly to the Committee, as they are accountable to the Board and the Committee as representatives of the Company's shareholders. As

such, it is not the duty or responsibility of the Committee or any of its members to plan or conduct any type of audit or accounting review or procedure.

In performing its oversight responsibilities, the Committee shall:

1. Review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval at least once per year.
2. Review the appointments of the Company's Chief Financial Officer ("CFO") and any other key financial executives involved in the financial reporting process.
  - a. The Committee shall review and approve the appointment of any employee or former employee of the Company's external auditor to a senior financial management position with the Company. The Committee shall request management to annually prepare a report of the profiles of all individuals hired during the past year who were employed by the external auditor at any time during the two years prior to being hired by the Company.
3. Financial Reporting Review
  - a. Review with management and the external auditor the annual audited financial statements, management discussion and analysis reports and other financial reporting documents, including the Chief Executive Officer ("CEO") and CFO certifications, prior to filing or distribution, including financial matters required to be reported under applicable legal or regulatory requirements.
  - b. Review with management the unaudited quarterly financial statements, management discussion and analysis reports and other financial reporting documents, including the CEO and CFO quarterly certifications, prior to filing or distribution, including financial matters required to be reported under applicable legal or regulatory requirements.
  - c. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale.
  - d. Review the quality and appropriateness, not just the acceptability, of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the external auditors' judgments about the quality and appropriateness of the Company's accounting policies. This review shall include discussions with the external auditor without the presence of management.
4. Financial Reporting Processes
  - a. Review with management the adequacy and effectiveness of the Company's systems of internal control and the adequacy and timeliness of its financial reporting processes.

- b. Discuss with the external auditor any significant findings and recommendations with respect to internal control.
  - c. Review with management and approve earnings news releases and other financial information and earnings guidance disclosures contained in such news releases prior to their release.
  - d. Where appropriate and prior to release, review with management and approve any other news releases that contain significant financial information that has not previously been released to the public.
  - e. Review with management and the external auditor significant related party transactions and potential conflicts of interest.
5. Independent Auditor
- a. Recommend to the Board and shareholders the external auditor selected to examine the Company's accounts and financial statements. The Committee has the responsibility to approve all audit engagement terms and fees. The Committee shall pre-approve all audit, non-audit and assurance services provided to the Company by the external auditor, but the Chair or her/his appointee may be delegated the responsibility to approve these services where the fee is not significant.
  - b. Review with management and the external auditor and approve the annual audit plan and results of and any problems or difficulties encountered during any external audits and management's responses thereto.
  - c. Monitor the independence of the external auditors by reviewing all relationships between the independent auditor and the Company and all audit, non-audit and assurance work performed for the Company by the independent auditor on at least an annual basis. To minimize relationships that could impair the independence of the external auditor, it is the Committee's practice to limit non- audit and assurance services provided by the independent auditor to assistance with financings, taxation, acquisition due diligence and merger integration or other services where there are compelling reasons for the external auditor to provide such services.
  - d. The Committee will receive an annual written confirmation of its independence from the external auditor.
6. Review the Company's procedures and establish procedures for the Committee for the:
- a. receipt, retention, and resolution of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - b. confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
7. Review, with the Company's legal counsel, legal and regulatory compliance matters that could have a significant impact on the Company's financial statements.

8. Review financial risks of the Company. In this regard, the Committee shall:
  - a. At least once a year identify and review the principal financial risks and exposures of the Company, together with mitigating strategies, including capital commitments, foreign exchange exposures, and exposure to interest rate fluctuations; and
  - b. At least once a year review the policies and activities of the Company's treasury and the financial risks arising from those activities.
9. Conduct or authorize investigations into any matter that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants, or other advisors to assist it in the conduct of any investigation, at the expense of the Company.
10. The Committee shall report its recommendations and findings to the Board after each meeting and shall conduct and present to the Board an annual performance evaluation of the effectiveness of the Committee.

## KEY PRACTICES

The Committee has adopted the following key practices to assist it in fulfilling its responsibilities.

## MEETINGS

The Committee will meet at least four times per year to perform its responsibilities as set out in this Charter; however, it may perform its duties by consent resolution instead of meetings. The foregoing notwithstanding, the Audit Committee shall meet at least once per year.

The Committee may ask members of management or others to attend meetings to provide information as necessary. The Committee shall meet separately with each of management and the independent auditor, as required, to discuss matters that the Committee, or these groups, believe should be discussed privately with the Committee. Additional meetings shall be held as required in the opinion of the Audit Committee or the external auditor. Minutes of all meetings of the Committee will be provided to the Board. Written or verbal reports on Committee meetings whose minutes have not been completed will be provided at each meeting of the Board.

## COMPLAINTS ABOUT ACCOUNTING, AUDITING AND FINANCIAL REPORTING AND DISCLOSURE MATTERS

The Company's Whistle Blower policy prohibits reprisals or intimidation of employees who draw attention to problems or violations of ethical standards. Employees can report any concerns to their superior or the Company's legal counsel, confidentially and anonymously. Employees may also submit, confidentially and anonymously, concerns regarding questionable accounting, auditing and financial reporting and disclosure matters to the Chair of the Audit Committee. A summary of all complaints related to auditing, accounting, and financial reporting and/or disclosure matters will be reported to the Committee at each meeting, and if the Committee so directs, to the full Board. The Committee may retain outside counsel or other advisors to investigate and resolve any complaints disclosed to it.

## OTHER MATTERS

Management shall report any real or suspected incidents of fraud, or theft to the Committee.