

## AUDIT COMMITTEE

### MANDATE AND TERMS OF REFERENCE

#### Role and Objective

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Saturn Oil & Gas Inc. (“**Saturn**” or the “**Corporation**”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

1. to assist directors in meeting its responsibilities in respect of the preparation and disclosure of the financial statements of Saturn and related matters;
2. to provide good communication between directors and external auditors;
3. to enhance the external auditor’s independence;
4. to review the credibility and objectivity of financial reports; and
5. to strengthen the role of the outside directors by facilitating discussions between directors on the Committee, management and external auditors.

#### Membership of the Committee

1. The Board will appoint members to the Committee. All members of the Committee shall be financially literate, and if not so when appointed, will endeavour to obtain a working familiarity with basic finance and accounting practices within a reasonable time. An individual will be deemed financially literate when he or she has the ability to read and understand a set of financial statements that present a breadth 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.
2. The Committee shall consist of at least (3) directors of Saturn, none of whom are members of management of Saturn and all of whom are “independent” (as such term is used in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).
3. The Board shall appoint the Committee Chair, who shall be an independent director.

#### Mandate and Responsibilities of Committee

The Committee will have the authority and responsibility to:

1. oversee the work of the external auditors, including the resolution of any disagreements between

- management and the external auditors regarding financial reporting;
2. satisfy itself on behalf of the Board with respect to the Corporation's internal control systems identifying, monitoring and mitigating business risks including risks relating to cyber-security attacks and cyber-fraud events; and ensuring compliance with legal, ethical and regulatory requirements;
  3. review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval; the process should include but is not limited to:
    - i. reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
    - ii. reviewing significant accruals, reserves, estimates (such as the ceiling test calculation) and judgments made by management in preparation of financial statements and the appropriateness of such accruals, reserves, estimates and judgments;
    - iii. reviewing accounting treatment of unusual or non-recurring transactions;
    - iv. ascertaining compliance with covenants under loan agreements;
    - v. reviewing disclosure requirements for commitments and contingencies;
    - vi. reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
    - vii. reviewing unresolved differences between management and the external auditors; and
    - viii. obtain explanations of significant variances with comparative reporting periods.
  4. review the financial statements, MD&A and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval; the Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of other financial information and must periodically assess the adequacy of those procedures;
  5. with respect to the appointment of external auditors by the Board:
    - i. recommend to the Board the external auditors to be nominated;
    - ii. recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
    - iii. on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
    - iv. when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

- v. review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time; and
  - vi. review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries;
6. review with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow up to any identified weaknesses
7. review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance);
8. establish a procedure for and, if desired, also engage an independent service provider to assist with:
  - i. the receipt, retention and treatment of complaints received by Saturn regarding accounting, internal account controls or auditing matters; and
  - ii. the confidential, anonymous submission by employees of Saturn of concerns regarding questionable accounting or auditing matters, including the resolution of any such complaints or concerns by management or, if warranted, by the Board.
9. Review and approve the Saturn's hiring policies regarding employees and former employees of the present and former external auditors of Saturn.
10. Review all related party transactions (as defined by applicable regulations) and ensure the nature and extent of such transactions are properly disclosed.
11. Review the status of taxation matters of Saturn.

#### **Relationship with External Auditors**

1. The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.
2. The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.
3. The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.
4. The Audit Committee will have direct communications access at all times with the external auditors.

### **Non-Audit Services**

1. The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.
2. Notwithstanding section 1 above, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:
  - (i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and
  - (ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.

### **Meeting and Administrative Matters**

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year and at such other times as the Chair of the Committee may determine. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
5. The Committee will meet with the external auditor in camera at least once per quarter (in connection with the preparation of the annual and interim financial statements) and at such other times as the external auditor and the Committee considers appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or party of any such meeting by the Chair. The Committee may invite such other senior officers and directors of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation, as determined by the Committee.
10. 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.
11. Any issues arising from these meetings relating to the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.
12. In discharging its duties under this Mandate, 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 senior officer the Corporation's legal counsel, external auditors and consultants and may invite any such persons to attend any part of any meeting of the Committee.

*Approved by the Board of Directors on May 24, 2023*