

PRAIRIE STORM RESOURCES CORP.
(the "Corporation")

AUDIT COMMITTEE CHARTER

Effective Date: April 6th , 2021

1. Purpose and Mandate

The audit committee (the "**Committee**") of the Corporation is a committee of the board of directors of the Corporation (the "**Board**"). As delegated by the Board, the Committee shall attend to the responsibilities set out in this Charter.

The Committee's mandate is to assist the Board in fulfilling its responsibilities with respect to:

- (a) the integrity, preparation and disclosure of the financial statements and other financial disclosures and related matters;
- (b) the external auditor's (the "**External Auditors**") qualifications, independence and performance;
- (c) ensuring the transparency, credibility and objectivity of financial reporting;
- (d) enhancing communication between management, the External Auditors and the Board; and
- (e) reviewing policies with respect to financial risk management.

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board. The Board may fill vacancies in the Committee by appointment, and if and whenever a vacancy shall exist in the Committee, the remaining members may exercise all of its powers so long as a quorum remains in office.

Independence and Financial Literacy of Members

A majority of the members of the Committee shall at all times be "independent" and "financially literate", as those terms are defined in National Instrument 52-110 – *Audit Committees*, as may be amended or replaced from time to time, unless the Board determines that an exemption to such requirement(s) is available under the Applicable Requirements (as defined herein) and determines to rely thereon.

Term of Members

The members of the Committee shall be appointed by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Committee Chair

The Board may appoint a member of the Committee to be the chair of the Committee ("**Committee Chair**"). If a Committee Chair is not appointed by the Board, the members of the Committee shall designate a Committee Chair by majority vote of the full Committee membership. In the absence of the Committee Chair at a meeting of the Committee, the members of the Committee present may appoint a chair from their number for such meeting.

Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

Access to Management and Books and Records

The Committee shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation.

3. Meetings

Frequency of Meetings

The Committee shall meet in person, or by telephone conference call, as often as the Committee considers appropriate to fulfill its responsibilities, but in any event shall meet at least once per fiscal quarter.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee, present in person or by telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other, shall constitute a quorum.

Voting

The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution of the Committee. In case of an equality of votes, the Committee Chair shall not be entitled to a second or casting vote.

Calling of Meetings & Meeting Procedure

Any member of the Committee, the External Auditors, the chair of the Board, the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee. The procedures for calling, holding, conducting and adjourning meetings of the Committee will be the same as those applicable to meetings of the Board, unless otherwise determined by the Committee or the Board.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Committee Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The External Auditors must be given reasonable notice of, and have the right to appear before, and to be heard at, each meeting of the Committee, and must appear before the Committee when requested to do so by the Committee and after being given reasonable notice to do so. In addition, the Committee may invite to a Committee meeting any director, officer or employee of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

Meetings Without Management

As part of each meeting of the Committee, the Committee shall hold an *in camera* session, at which management, the External Auditors and non-independent directors of the Board are not present.

4. Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board which the Board is authorized to delegate by applicable laws and regulations.

In addition to these functions and responsibilities, the Committee shall perform the functions and responsibilities required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "**Applicable Requirements**") or as the Board otherwise deems necessary or appropriate.

Financial Reports

(a) *General*

The Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the financial reporting policies used by the Corporation. The External Auditors are responsible for auditing the Corporation's annual financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) *Review of Annual Financial Reports*

The Committee shall review the annual audited financial statements of the Corporation, the auditors' report thereon, the related management's discussion and analysis ("**MD&A**") and the annual profit or loss press releases. After completing its review, if advisable, the Committee shall approve and recommend the annual financial statements, the related MD&A and annual earnings press release for Board approval and public distribution.

(c) *Review of Interim Financial Reports*

The Committee shall review the interim financial statements of the Corporation, the auditors' report thereon, the related MD&A and the interim profit or loss press releases. After completing its review, if advisable, the Committee shall approve the interim financial statements, the related MD&A and interim earnings press release and the public distribution thereof.

(d) *Review Considerations*

In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

- (i) meet with management and the External Auditors to discuss the financial statements and related MD&A;
- (ii) review the disclosures in the financial statements, related MD&A and any profit or loss press releases before the Corporation publicly discloses such information;
- (iii) review the audit report or review reports prepared by the External Auditors;
- (iv) discuss with management, the External Auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under International Financial Reporting Standards;
- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) if applicable, review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review the factors identified by management as factors that may affect future financial results;
- (x) review any complaints or concerns received relating to accounting, financial or internal control matters;
- (xi) receive the report from the reserves committee of the Board regarding the appropriateness of reported reserves and resources, if any; and
- (xii) review any other matters, related to the financial statements, that are brought forward by the External Auditors, management or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

(e) *Other Financial Disclosures*

The Committee is responsible for ensuring that adequate procedures are in place for the review and, if advisable, the recommendation for public distribution of financial disclosure in a prospectus

or other securities offering document of the Corporation, press releases disclosing, or based upon, financial results of the Corporation and any other financial information extracted or derived from the Corporation's financial statements, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated and shall periodically assess the adequacy of the procedures in place for undertaking such a review.

External Auditors

(a) *General*

Subject to the rights of holders of the Corporation's shares (the "**Shareholders**"), the Committee shall be directly responsible for oversight of the work of the External Auditors, including the External Auditors' work in preparing or issuing an audit report, performing other audit, review or attest services for the Corporation.

(b) *Nomination and Compensation*

The Committee shall review and, if advisable, recommend for Board approval, the External Auditors to be nominated and the compensation of such External Auditors. The Committee shall have ultimate authority to approve all audit engagement terms and fees, including the External Auditors' audit plan, subject to approval by the Shareholders of the Committee's selection of the External Auditors.

(c) *Resolution of Disagreements*

The Committee shall resolve any disagreements between management and the External Auditors as to financial reporting matters brought to its attention.

(d) *Discussions with Auditors*

At least annually, the Committee shall discuss with the External Auditors such matters as are required by applicable auditing standards to be discussed by the External Auditors with the Committee.

(e) *Audit Plan*

At least annually, the Committee shall review a summary of the External Auditors' annual audit plan. The Committee shall consider and review with the External Auditors any material changes to the scope of the plan.

(f) *Quarterly Review Report*

The Committee shall review a report prepared by the External Auditors in respect of each of the interim financial statements of the Corporation.

(g) *Independence of Auditors*

At least annually, and before the External Auditors issue their report on the annual financial statements, the Committee shall obtain from the External Auditors a formal written statement describing all relationships between the External Auditors and the Corporation; discuss with the External Auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the External Auditors that they are objective and independent within the meaning of the applicable Rules of Professional

Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the External Auditors belong and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the External Auditors.

(h) *Evaluation and Rotation of Lead Partner*

At least annually, the Committee shall review the qualifications and performance of the lead partner(s) of the External Auditors and determine whether it is appropriate to adopt a policy of rotating lead partners of the External Auditors.

(i) *Requirement for Pre-Approval of Non-Audit Services*

The Committee shall approve in advance any audit and permitted non-audit services to be provided by the External Auditors to the Corporation or its subsidiaries that it deems advisable, subject to any *de minimis* exemption available under applicable law. The Committee may establish detailed policies and procedures for pre-approval of audit services and permitted non-audit services by the External Auditors, in accordance with Applicable Requirements and Board approved policies and procedures; provided that such procedures and policies are detailed as to the particular service, the Committee is informed of each non-audit service and the procedures do not include the delegation of the Committee's responsibilities to management. The Committee may delegate pre-approval authority to a member of the Committee but the decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting.

(j) *Approval of Hiring Policies*

The Committee shall 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.

(k) *Financial Executives*

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the compensation committee of the Board, as appropriate.

Risk Management

The Committee shall be responsible for overseeing management's identification and assessment of the principal risks to the operations of the Corporation and the establishment and management of appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Corporation and to the long-term viability of the Corporation. In this regard, the Committee shall require management to report periodically to the Committee, and the Committee shall report periodically to the Board, on the principal risks faced by the Corporation and the steps implemented by management to manage these risks.

Compliance with Legal and Regulatory Requirements

The Committee shall review reports from the Corporation's Corporate Secretary and other management members on: (a) legal or compliance matters that may have a material impact on the Corporation; (b) the effectiveness of the Corporation's compliance policies; and (c) any

material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Whistleblower Procedures

The Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the Committee Chair to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

5. Independent Advisors

The Committee shall have the authority to retain and terminate independent legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors. The Corporation shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

6. No Rights Created

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Corporation. While it should be interpreted in the context of all Applicable Requirements, as well as in the context of the Corporation's constating documents, it is not intended to establish any legally binding obligations.

7. Continuing Education

Members of the Committee shall strive to remain current in their knowledge and education relating to finance, audit and risk matters, and shall consider available opportunities to enhance their knowledge of evolving practices in audit and risk governance.

8. Charter Review

The Committee shall review and update this Charter annually and, in conjunction with the review and recommendations of the Corporation's corporate governance, compensation and nominating committee regarding same, present the updated Charter to the Board for approval.