



AUDIT COMMITTEE MANDATE

1.0 PURPOSE AND AUTHORITY

- 1.1 The purpose of the Committee is to advise and assist the Board of Nano One Materials Corp. (the "Corporation") in fulfilling its oversight responsibilities relating to, among other things:
- a) the integrity of the Corporation's financial statements, financial disclosures and internal controls over financial reporting and disclosure controls and procedures;
 - b) the Corporation's compliance with related legal and regulatory requirements;
 - c) the qualifications, independence and performance of the Independent Auditor, together with the compensation of the Independent Auditor;
 - d) the Corporation's ERM Program and the management and mitigation of significant risks identified thereunder;
 - e) the related policies of the Corporation set out herein; and
 - f) other matters set out herein or otherwise delegated to the Committee by the Board.
- 1.2 Consistent with this purpose, the Committee shall encourage continuous improvement of, and foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee shall also provide for open communication among the Independent Auditor, Management and the Board.
- 1.3 To perform its duties and responsibilities, the Committee has the authority to: (i) conduct investigations into any matters within its scope of responsibility; (ii) have unrestricted access to information, management and employees, and books and records of the Corporation and its affiliates; and (iii) directly access and communicate with the Independent Auditor.

2.0 DEFINITIONS

- 2.1 In this Mandate:
- a) "**Board**" means the board of directors of the Corporation;
 - b) "**Chair**" means the Chair of the Committee;
 - c) "**Committee**" means the audit committee of the Board;
 - d) "**Core Audit Services**" means services necessary to:

- (i) audit the Corporation's annual financial statements;
 - (ii) review the Corporation's interim financial statements, as requested; and
 - (iii) audit internal controls over financial reporting in accordance with the requirements of all applicable laws, regulations and professional standards;

- e) "**Corporation**" means Nano One Materials Corp.;

- f) "**CPAB**" means the Canadian Public Accountability Board or its successor;

- g) "**Director**" means a member of the Board;

- h) "**ERM Program**" means the Corporation's Enterprise Risk Management Program that incorporates an effective risk management framework to identify, evaluate, manage, monitor and communicate key corporate risks;

- i) "**Financial Expert**" means an "audit committee financial expert" as defined in National Instrument 52-110 "Audit Committees";

- j) "**Financially Literate**" means having 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 breath and complexity of the issues that can reasonably be expected to be present in the Corporation's financial statements;

- k) "**Nominations and Governance Committee**" means the nominations and governance committee of the Board;

- l) "**Independent**" means, in the context of a Member and in accordance with all applicable laws and stock exchange requirements, being free from any direct or indirect material relationship with the Corporation and its subsidiaries which, in the view of the Board, could reasonably be expected to interfere with the exercise of a Member's independent judgment;

- m) "**Independent Auditor**" means the firm of chartered professional accountants, registered with the CPAB and appointed by the shareholders to act as external auditor;

- n) "**Management**" means the executive officers of the Corporation;

- o) "**Mandate**" means this Mandate of the Committee;

- p) "**MD&A**" means the Corporation's Management's Discussion & Analysis prepared in accordance with the requirements of National Instrument 51-102 in respect of the Corporation's annual and interim financial statements;

- q) "**Member**" means a Director appointed to the Committee;

- r) "**Related Party Transactions**" means those transactions required to be disclosed under all applicable laws and stock exchange requirements which include, without limitation, transactions between: (i) executive officers, directors, principal shareholders or their immediate family members; and (ii) the Corporation or any of its subsidiaries; and

3.0 ESTABLISHMENT AND COMPOSITION OF COMMITTEE

- 3.1 The Committee shall be comprised of three (3) or more Directors, each of whom is Independent and Financially Literate. No Member may be a member of Management or an employee of the Corporation or of any affiliate of the Corporation. The Board shall appoint to the Committee at least one (1) Director who is a Financial Expert.
- 3.2 Members shall be appointed at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, or otherwise by resolution of the Board of Directors following such meeting of shareholders, and shall serve until: the next annual meeting of the shareholders; they resign; their successors are duly appointed; or such Member is removed from the Committee by the Board.
- 3.3 The Board may appoint a Member to fill a vacancy which occurs on the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining Members shall exercise all of the powers of the Committee so long as at least three (3) Members remain in office.
- 3.4 No Member shall serve on more than three (3) public company audit committees (inclusive of the Corporation) without the prior approval of the Board.
- 3.5 The Board shall appoint a Chair on the recommendation of the Corporation's Nominations and Governance Committee, or such other committee as the Board may authorize. The Chair shall continue in that role until a successor is appointed.

4.0 COMMITTEE MEETINGS

- 4.1 The Committee shall meet at least quarterly and such other times as it deems appropriate. Meetings of the Committee shall be held at the call of: (i) the Chair; (ii) any two Members; or (iii) the Independent Auditor.
- 4.2 The Chief Executive Officer, the Chief Financial Officer, and the Independent Auditor shall receive notice of and, unless otherwise determined by the Chair, shall be entitled to attend all meetings of the Committee. For clarity, the Independent Auditor must attend the Committee meetings at which the Corporation's annual audited financial statements and unaudited interim financial statements are reviewed.
- 4.3 A quorum at any meeting of the Committee shall be two (2) Members.
- 4.4 Each Member shall have the right to vote on matters that come before the Committee.
- 4.5 Matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee where such matter is considered. Actions of the Committee may also be taken by instruments in writing signed by all of the Members.
- 4.6 The Chair shall act as chair of all meetings of the Committee at which the Chair attends, otherwise the Members present at the meeting shall appoint one of their number to act as chair of the meeting.
- 4.7 Unless otherwise determined by the Chair, the Corporate Secretary of the Corporation shall act as secretary of all meetings of the Committee.

- 4.8 The Committee shall periodically meet separately with Management and the Independent Auditor to discuss any matters that the Committee or any of these persons or firms believes should be discussed privately. The Committee shall conduct *in camera* sessions without Management present at each meeting of the Committee.
- 4.9 The Committee may invite any Directors, executive officers or employees of the Corporation or any other person to attend the meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.
- 4.10 The Committee may delegate authority to individual Members or subcommittees, if deemed appropriate.

5.0 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

A. Independent Auditor

- 5.1 The Committee shall consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, remuneration, re-appointment and removal of the Corporation's Independent Auditors.
- 5.2 The Committee shall oversee the work of the Independent Auditor in connection with the Core Audit Services and any other services performed for the Corporation. The Independent Auditor shall report directly to the Committee and the Committee has the authority to communicate directly with the Independent Auditor.
- 5.3 The Committee shall oversee the resolution of any disagreements between Management and the Independent Auditor. The Committee shall discuss with the Independent Auditor matters relating to the conduct of the audit, including any problems or difficulties encountered and Management's responses thereto and any restrictions on the scope of activities or access to requested information.
- 5.4 The Committee shall pre-approve all Core Audit Services and audit-related services fees and other compensation related thereto performed by the Independent Auditor.
- 5.5 The Committee shall review and evaluate the qualifications, independence and performance of the Independent Auditor and its lead audit partner. Without limiting the foregoing, the Committee shall:
- a) review and discuss with Management and separately with the Independent Auditor the results of the Corporation's annual Independent Auditor assessment process;
 - b) monitor the Independent Auditor's processes for maintaining independence, its compliance with relevant laws, regulations, and other professional requirements, including the guidance on the rotation of audit partner and staff and, if determined by the Committee, recommend to the Board that appropriate action is taken to ensure the independence of the Independent Auditor; and
 - c) at least annually, obtain and review a report from the Independent Auditor describing the firm's internal quality control processes and procedures, including any material issues raised by the most recent internal quality control review or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) years with respect to independent audits carried out by the Independent Auditor, and any steps taken to address such issues.

The Committee shall discuss any material issues identified with the Board and recommend any action that the Committee deems appropriate.

- 5.6 The Committee shall meet with the Independent Auditor prior to the audit to discuss the planning and staffing of the audit, including the general approach, scope, areas subject to significant risk of material misstatement, estimated fees and other terms of engagement.
- 5.7 Consult with the Board and management and provide oversight regarding the Corporation's consideration of hiring or contracting employees or former employees of the Independent Auditor.

B. Non-audit Services Performed by the Independent Auditor

- 5.8 The Committee must review and pre-approve any service and the related fees, outside of the Core Audit Services, provided by the Independent Auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
- a) the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Corporation and its subsidiary entities to the Independent Auditor during the fiscal year in which the non-audit services are provided;
 - b) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
 - c) such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.
- 5.9 For any service, other than Core Audit Services, requiring specific pre-approval the Committee may delegate pre-approval authority to one or more of its Members in satisfaction of the pre-approval requirement set forth in this section. Delegates must report all pre-approval decisions to the Committee at the next scheduled Committee meeting. A list of prohibited non-audit services is attached to this Mandate in Appendix "A".
- 5.10 Any proposed services exceeding the pre-approved fee levels will require additional specific pre-approval by the Audit Committee.
- 5.11 Requests or applications to provide services other than Core Audit Services which require separate approval by the Committee will be submitted to the Committee by both the Independent Auditor or its affiliates, and the Corporation's Chief Financial Officer.

C. Financial Reporting

- 5.12 In consultation with Management and the Independent Auditor the Committee shall review and satisfy itself as to: (i) the integrity of the Corporation's internal and external financial reporting processes; (ii) the adequacy and effectiveness of the Corporation's disclosure controls and procedures (including those pertaining to the review of disclosure containing financial information extracted or derived from the Corporation's

financial statements) and internal controls over financial reporting; and (iii) the competence of the Corporation's personnel responsible for accounting and financial reporting. Without limiting the generality of the foregoing, the Committee shall receive and review:

- a) Reports, as necessary, regarding: (i) critical accounting estimates, policies and practices; (ii) any reserves, accruals, provisions and estimates that may have a material effect on the Corporation's financial statements; (iii) any *pro forma*, adjusted or restated financial information, forecasts, or projections; and (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet arrangements, on the Corporation's financial statements;
- b) analyses by Management and the Independent Auditor regarding significant financial reporting issues and judgments made in connection with the preparation of the Corporation's annual and interim financial statements; and
- c) other material written communication between Management and the Independent Auditor.

5.13 The Committee shall, prior to public release, if applicable, review and discuss with Management and with others as it deems appropriate:

- a) the Corporation's annual audited financial statements and unaudited interim financial statements and the Independent Auditor's related attestation reports, as well as any related MD&As;
- b) the Independent Auditor's interim review reports, as applicable, and annual audit report to the Committee summarizing the scope, status, results and recommendations of the interim review of the Corporation's interim financial statements and of the audit of the Corporation's annual financial statements and related audit of internal controls over financial reporting, as applicable, and also containing at least: (i) the communications with respect thereto between the Independent Auditor and the Committee required by any applicable regulations and professional standards, including without limitation schedules of corrected and uncorrected quantitative and disclosure misstatements and significant deficiencies and material weaknesses in internal controls; (ii) the (at least) annual independence communication; (iii) the Management representation letter; and (iv) the documentation and communication required quarterly, as applicable, from the Independent Auditor;
- c) the report to shareholders contained in the Corporation's annual report, as applicable; and
- d) any other document that the Committee determines should be reviewed and discussed with Management and the Independent Auditor or for which a legal or regulatory requirement in that regard exists.

5.14 The Committee shall, prior to public release, review and discuss with Management and with others as it deems appropriate, the financial information to be disclosed in the Corporation's interim and annual or other news releases.

5.15 The Committee shall review and recommend the Corporation's annual audited financial statements together with the Independent Auditor's audit report thereon, disclosure

controls and procedures, MD&As, related news releases and reports to shareholders for approval by the Board and subsequent public release, as well as inclusion of the noted financial statements in the Corporation's annual reports. The Committee, if deemed appropriate, shall review and approve the Corporation's unaudited interim financial statements, related interim MD&As and news releases, and their subsequent public release, on behalf of the Board.

- 5.16 The Committee shall, prior to public release, review and discuss with Management and with others as it deems appropriate, and recommend for approval by the Board as necessary:
- a) any future oriented financial information, financial forecasts, future earnings guidance, as applicable, to be provided by the Corporation;
 - b) the Annual Information Form to be filed by the Corporation;
 - c) any prospectus or other offering documents and documents related thereto for the issuance of securities by the Corporation; and
 - d) other disclosure documents to be released publicly by the Corporation containing or derived from financial information.
- 5.17 The Committee shall review, discuss with Management and with others as it deems appropriate, the disclosures made by the Chief Executive Officer and Chief Financial Officer of the Corporation pursuant to their certification of the Corporation's annual and interim reports regarding significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting and any alleged fraud involving Management or other employees.
- 5.18 The Committee shall use reasonable efforts to satisfy itself as to the appropriateness of the Corporation's material financing, capital and tax structures.
- 5.19 The Committee shall prepare, or cause to be prepared, any reports of the Committee required to be included in the Corporation's public disclosures or otherwise required by applicable laws.
- 5.20 The Committee shall review, discuss with Management and with others as it deems appropriate, and approve all Related Party Transactions and the disclosure thereof.

D. Risk Management and Other

- 5.21 The Committee shall be responsible for the oversight of the Corporation's ERM and shall report any actions or findings of the ERM program to the Board.
- 5.22 The Committee shall review and discuss with Management and others as it deems appropriate Management's report regarding identifying, assessing, managing and mitigating significant risks and related matters identified pursuant to the ERM program.
- 5.23 The Committee will oversee and assess the Corporation's fraud prevention controls and processes, and will review any reports provided by management on findings of fraud and the response thereto.
- 5.24 The Committee shall satisfy itself as to the appropriateness of the Corporation's internal

controls and processes associated with the release of any sustainability disclosures.

- 5.25 In the event it's required, the Committee shall review and discuss with Management and others as it deems appropriate the quarterly report prepared by Management regarding any existing significant litigation and/or other material legal matters that could have a significant impact on the Corporation or its financial statements.
- 5.26 The Committee shall be responsible for the oversight of the Corporation's insurance programs, any renewals or replacements thereof, including in respect of directors' and officers' (D&O) insurance and indemnification of Directors.

E. Policies and Mandate

- 5.27 The Committee is responsible for the oversight of the following policies:
- a) Whistleblower Policy, including overseeing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters as well as procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters as required by applicable law;
 - b) Corporate Disclosure Policy; and
 - c) other policies that may be established from time-to-time regarding accounting, financial reporting, disclosure controls and procedures, internal controls over financial reporting, oversight of the external audit of the Corporation's financial statements, and oversight of the internal audit function.
- 5.28 The Committee shall periodically review this Mandate and recommend any necessary amendments to the Nominations and Governance Committee for consideration and recommendation to the Board for approval, as deemed appropriate.

6 REPORTING

- 6.1 The Chair, or another designated Member, shall report to the Board at each regular meeting on those matters that have been dealt with by the Committee since the last regular meeting of the Board.

7 REMUNERATION OF MEMBERS

- 7.1 Members and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time, having considered the recommendation of the Nominations and Governance Committee.

8 GENERAL

- 8.1 This Mandate shall be posted on the Corporation's corporate website at www.nanoone.ca.
- 8.2 The Committee shall annually review its own effectiveness and performance.
- 8.3 The Committee shall perform any other activities consistent with this Mandate, the Corporation's by-laws and applicable laws, that the Board or Committee determines are necessary or appropriate.

- 8.4 The Committee may, in its discretion and in circumstances that it considers appropriate, obtain advice and assistance from outside legal, accounting and other advisors and approve the engagement by the Committee or any Member of outside advisors or persons having special expertise, all at the expense of the Corporation. The Corporation shall provide appropriate compensation, as determined by the Committee, for the Independent Auditor, to any independent counsel or other advisors that the Committee chooses to engage, and for payment of ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its duties and responsibilities.

9 OVERSIGHT FUNCTION

- 9.1 The Committee is not responsible for certifying the accuracy or completeness of the Corporation's financial statements or their presentation in accordance with IFRS Accounting Standards ("IFRS"), nor for guaranteeing the accuracy of the attestation reports of the Independent Auditor. The fundamental responsibility for the Corporation's financial statements, reporting, internal controls over financial reporting, and disclosure controls and processes rests with Management and, in accordance with its professional responsibilities, the Independent Auditor. Although the Committee has the responsibilities and powers outlined in this Mandate, its members, who are appointed from the Board, provide broad oversight of the Corporation's day-to-day operations. It is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and in accordance with IFRS. These tasks are the responsibility of Management, with the Committee performing an oversight function, and the Independent Auditors. Nothing in this Mandate is intended to modify or augment the obligations of the Corporation or the fiduciary duties of the Committee members or the Board under applicable laws.

This Committee Mandate was approved on November 8, 2023 and amended on September 18, 2024.

Appendix A

Prohibited Non-audit Services

This list is not exhaustive and additional guidance and exemptions are set out in *Rule 204* of the Independence Standards of the CPA Code of Professional Conduct.

- Bookkeeping or other services related to the accounting records or financial statements of the Corporation, including:
 - maintaining or preparing the entity's, or related entity's, accounting records;
 - preparing the financial statements or preparing financial statements which form the basis of the financial statements on which the audit report is provided; or
 - preparing or originating source data underlying such financial statements.
- Financial information systems design and implementation.
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports.
- Actuarial services.
- Contract internal audit services.
- Assurance services.
- Management functions.
- Legal support services.
- Human resource services.
- Corporate finance services such as broker-dealer, investment adviser or investment banking services.
- Expert services unrelated to the audit.
- Any services entailing a contingent fee or commission (not including fees awarded by a bankruptcy court when the audit client is in bankruptcy).
- Tax services to an officer of the audit client whose role is in a financial reporting oversight capacity (regardless of whether the audit client or the officer pays the fee for the services).