

## **AUDIT COMMITTEE CHARTER OF BITCOIN WELL INC.**

### **Purpose**

The overall purpose of the Audit Committee (the “**Committee**”) of Bitcoin Well Inc. (the “**Organization**”) is to ensure that the Organization’s management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Organization, and to review the Organization’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the board of directors of the Organization (the “**Board**”), through the involvement of the Committee that the external audit will be conducted independently of the Organization’s management to ensure that the independent auditors serve the interests of shareholders rather than the interests of management of the Organization. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Organization’s independent auditors.

### **Composition, Procedures and Organization**

- 1        The Committee shall consist of a minimum of three (3) members of the Board.
- 2        A majority of the members of the Committee shall be independent and the Board, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members’ independent judgment. At least two (2) members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Organization. For the purposes of this Charter, an individual is financially literate if he or she has 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 Organization’s financial statements.
- 3        The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- 4        Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- 5        The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- 6        The Committee shall have access to such officers and employees of the Organization and to the Organization’s external auditors, and to such information respecting the Organization, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- 7        The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Organization as it deems necessary, and

any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

### **Roles and Responsibilities**

- 8 The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Organization's accounting principles, reporting practices and internal controls and its approval of the Organization's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Organization's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Organization has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
- 9 The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Organization, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Organization's financial and auditing personnel;
    - (iv) co-operation received from the Organization's personnel during the audit;
    - (v) internal resources used;
    - (vi) significant transactions outside of the normal business of the Organization;
    - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - (viii) the non-audit services provided by the external auditors;
    - (ix) to discuss with the external auditors the quality and not just the acceptability of the Organization's accounting principles; and

- (x) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
- 10 The duties and responsibilities of the Committee as they relate to the Organization's internal auditors are to:
  - (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - (b) review and approve the internal audit plan; and
  - (c) review significant internal audit findings and recommendations, and management's response thereto.
- 11 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Organization are to:
  - (a) review the appropriateness and effectiveness of the Organization's policies and business practices which impact the financial integrity of the Organization, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Organization's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Organization; and
  - (d) periodically review the Organization's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- 12 The Committee is also charged with the responsibility to:
  - (a) review the Organization's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to shareholders;
    - (ii) the AIF, if required;
    - (iii) annual and interim MD&A;
    - (iv) prospectuses;
    - (v) news releases discussing financial results of the Organization; and

- (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
- (c) review regulatory filings and decisions as they relate to the Organization's consolidated financial statements;
- (d) (review the appropriateness of the policies and procedures used in the preparation of the Organization's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (e) review and report on the integrity of the Organization's consolidated financial statements;
- (f) review the minutes of any audit committee meeting of subsidiary companies;
- (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Organization and the manner in which such matters have been disclosed in the consolidated financial statements;
- (h) review the Organization's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders.

13 The Committee shall have the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
- (b) to set and pay the compensation for any advisors employed by the Committee; and
- (c) to communicate directly with the internal and external auditors.

**Caveats**

- 14 It is not the Committee's duty to plan or conduct audits to determine that the Organization's financial statements are complete and accurate and are in accordance with international financial reporting standards or generally accepted accounting principles, as the case may be, and assure compliance with governing laws and regulations. This is the responsibility of management and the independent auditors.