

ASTRO AEROSPACE Inc.
AUDIT COMMITTEE CHARTER

PURPOSE

Senior management of Astro Aerospace Inc. (the “**Company**”), as overseen by its Board of Directors (the “**Board**”), has primary responsibility for the Company’s financial reporting, accounting systems and internal controls. The Audit Committee (the “**Committee**”) is a standing committee of the Board established for the purposes of overseeing:

- (a) the quality and integrity of the Company’s financial and accounting reporting processes and internal accounting and financial control systems of the Company;
- (b) the external auditor’s qualifications and independence;
- (c) management’s responsibility for assessing the effectiveness of internal controls;
- (d) the Company’s compliance with legal and regulatory requirements in connection with financial and accounting matters; and

COMPOSITION AND OPERATION

1. The Committee shall be composed of at least three independent directors¹ and all members of the Committee shall, to the satisfaction of the Board, be Financially Literate and at least one member will be a Committee Financial Expert (“**Financially Literate**” and “**Committee Financial Expert**” are defined in the Definitions section of this Charter).
2. The members of the Committee shall be appointed by the Board, based on the recommendation of the Nominating and Governance Committee, to serve one-year terms and are permitted to serve an unlimited number of consecutive terms.
3. The Committee shall appoint a chair (the “**Chair**”) from among its members who shall be an independent director. If the Chair is not present at any meeting of the Committee, one of the other Committee members present at the meeting shall be chosen to preside at the meeting.
4. The Committee will make every effort to meet at least four times per year and each member is entitled to request that an additional meeting be called, which will be held within two weeks of the request for such meeting. A quorum at meetings of the Committee shall be two members present in person or by telephone. The Committee may also act by unanimous written consent of its members as described under the heading “**Authority**” in this Charter.

¹ In order to be considered “**independent**”, the following applies:
Pursuant to Section 10A of the Securities Exchange Act of 1934

5. The external auditor may request the Chair to call a meeting of the Committee to consider any matter that the auditor believes should be brought to the attention of the directors or the shareholders of the Company. In addition to the external auditor, each committee chair, members of board, as well as the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) shall be entitled to request the Chair to call a meeting, which meeting shall be held within two weeks of the request.
6. Notice of the time and place of every meeting shall be given in writing or by email communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting.
7. The Committee shall fix its own procedure at meetings, keep records of its proceedings and provide a verbal report to the Board routinely at the next regularly scheduled Board meeting and shall provide copies of finalized minutes of meetings to the Corporate Secretary to be kept with the official minute books of the Company.
8. The Committee will review and approve its minutes of meetings and copies will be made available to the external auditor or its members as requested.
9. In camera sessions will be scheduled for each regularly scheduled quarterly Committee meeting, and as needed from time to time.
10. On an ad-hoc basis, the Committee may also meet separately with the Chief Executive Officer and the Chief Financial Officer and such other members of management as they may deem necessary.

RESPONSIBILITIES AND DUTIES

Overall Committee:

To fulfill its responsibilities and duties the Committee will:

- (a) review this Charter periodically, but at least once per annum, and recommend to the Board any necessary amendments;
- (b) review and, where necessary, recommend revisions to the Company’s disclosure in the Management Information Circular regarding Committee’s composition and responsibilities and how they are discharged;
- (c) assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of the Company’s accounting policies and principles, reporting practices and internal controls;
- (d) review and recommend approval by the Board of all significant and material financial disclosure documents to be released by the Company, including but not limited to, quarterly and annual financial statements and management discussion and analysis, annual reports, annual information forms, and prospectuses containing material information of a financial nature; and

- (e) oversee the relationship and maintain a direct line of communication with the Company's internal and external auditors and assess their respective performance.

Public Filings, Policies and Procedures:

The Committee is responsible for:

- (a) ensuring adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the Company's disclosure controls and procedures, and management's evaluation thereof, to ensure that financial information is recorded, processed, summarized and reported within the time periods required by law;
- (b) reviewing disclosures made to the Committee by the CEO and the CFO during their certification process for any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in internal controls;
- (c) reviewing with management and the external auditor any correspondence with securities regulators or other regulatory or government agencies which raise material issues regarding the Company's financial reporting or accounting policies.

External Auditors

The responsibilities and duties of the Committee as they relate to the external auditor are to:

- (a) consider and make recommendations to the Board with respect to the external auditor to be nominated for appointment by shareholders at each annual general meeting of the Company;
- (b) review the performance of the external auditor and, where appropriate, recommend to the Board the removal of the external auditor;
- (c) confirm the independence and effectiveness of the external auditor, which will require receipt from the external auditor of a formal written statement delineating all relationships between the auditor and the Company and any other factors that might affect the independence of the auditor;
- (d) oversee the work of the external auditor generally, and review and report to the Board on the planning and results of external audit work, including:
 - (i) the external auditor's engagement letter or other reports of the auditor;
 - (ii) the reasonableness of the estimated fees and other compensation to be paid to the external auditor;

- (iii) the form and content of the quarterly and annual audit report, which should include, *inter alia*:
 - (A) a summary of the Company's internal controls and procedures;
 - (B) any material issues raised in the most recent meeting of the Committee; and
 - (C) any other related audit, review or attestation services performed for the Company by the external auditors.
- (e) actively engage in dialogue with the external auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the external auditor and take, or recommend the Board take, appropriate actions to oversee the independence of the external auditor;
- (f) monitor the relationship between management and the external auditor and resolve any disagreements between them regarding financial reporting;
- (g) engage the external auditor in discussions regarding any amendments to critical accounting policies and practices; alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, including any potential ramifications and the preferred treatment by the independent auditor; and lastly, written communication between management and the independent auditor, including but not limited to, the management letter and schedule of adjusted differences.

Internal Controls and Financial Reporting

The Committee will:

- (a) obtain reasonable assurance from discussions with (and/or reports from) management, and reports from the external auditors that the Company's financial and accounting systems are reliable and that the prescribed internal controls are operating effectively;
- (b) in consultation with the external auditor, the CEO, the CFO, and where necessary, other members of management, review the integrity of the Company's financial reporting process and the internal control structure;
- (c) review the acceptability of the Company's accounting principles and direct the auditors' examinations to particular areas of question or concern, as required;
- (d) request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies) when it deems necessary;
- (e) together with management, review control weaknesses identified by the external and internal auditors;
- (f) review the appointments of the CFO and other key financial executives;

- (g) during the annual audit process, consider if any significant matters regarding the Company's internal controls and procedures over financial reporting, including any significant deficiencies or material weaknesses in their design or operation, need to be discussed with the external auditor, and review whether internal control recommendations made by the auditor have been implemented by management.

Ethical and Legal Compliance

The responsibilities and duties of the Committee as they relate to compliance and risk management are to:

- (a) obtain reasonable assurances as to the integrity of the CEO and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;
- (b) review the adequacy, appropriateness and effectiveness of the Company's policies and business practices which impact on the integrity, financial and otherwise, of the Company, including those relating to hedging, insurance, accounting, information services and systems and financial controls, and management reporting;
- (c) receive a report from management on tax issues and planning, including compliance with the Company's source deduction obligations and other remittances under applicable tax or other legislation;
- (d) review annually the adequacy and quality of the Company's financial and accounting staffing, including the need for and scope of internal audit reviews (if any);
- (e) establish procedures for a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (f) review any complaints and concerns received regarding accounting, internal controls, or auditing matters or with respect to the Company's Code of Ethical Conduct, and the investigation and resolution thereof, and provide all relevant information relating to such complaints and concerns to the Nominating and Governance Committee;
- (g) review and monitor the Company's compliance with applicable legal and regulatory requirements related to financial reporting and disclosure;
- (h) review all related-party transactions; and
- (i) carry the responsibility for reviewing reports from management, external auditors with respect to the Company's compliance with the laws and regulations having a material impact on financial reporting and disclosure, including: tax and financial reporting laws and regulations; legal withholding requirements; environmental; and any other laws and regulations which expose directors to liability.

AUTHORITY

1. The Committee shall have the authority to:
 - (a) incur reasonable expenses to engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (b) set and pay the compensation (after consultation with the CEO) for any advisors employed by the Committee; and
 - (c) communicate directly with the external auditors.
2. The Committee shall have the power, authority and discretion delegated to it by the Board which shall not include the power to change the membership of or fill vacancies in the Committee.
3. A resolution approved in writing by the members of the Committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the Committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.
4. The Board shall have the power at any time to revoke or override the authority given to or acts done by the Committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the Committee or fill vacancies in it as it shall see fit.
5. The Committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.
6. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee, shall attend a meeting of the Committee.
7. The Committee shall have the authority to obtain advice and assistance from outside legal, accounting or financials advisors in its sole discretion.

DEFINITIONS

Capitalized terms used in this Charter and not otherwise defined have the meaning attributed to them below:

“Financially Literate” 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 in the Company’s financial statements.

“Committee Financial Expert” means a person who has the following attributes:

- (a) an understanding of generally accepted accounting principles and financial statements;

- (b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of issues that can reasonably be expected to be raised in the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (d) an understanding of internal controls and procedures for financial reporting; and
- (e) an understanding of audit committee functions;

acquired through any one or more of the following:

- (a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- (b) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; or
- (c) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial **statements; or other relevant experience.**

Adopted by the Board: Dec 10, 2020