

## Form 52-110F2

### REPORT ON AUDIT COMMITTEE (for the year ended **May 31, 2023**)

#### 1. The Audit Committee's Charter

The following disclosure has been prepared in compliance with the rules under National Instrument 52-110 - Audit Committees ("NI 52-110") adopted by the Canadian Securities Administrators.

#### 2. Composition of the Audit Committee

The audit committee (the "Audit Committee") of **Clara Capital Corp.** ("Clara") is currently composed of the following three members: Oleksandr Havrylov, Yuliia Baranets and Vladimir Vinogradov. Who are determined to be independent by the Board of Directors. Based on the education and breadth and depth of experience of each member of the Audit Committee, the Board of Directors has determined each such member to be financially literate.

#### 3. Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee:

***Oleksandr Havrylov (Not Independent Member)*** – Mr. Havrylov is a President of Lucero Brands LLS, the company involved in manufacturing and distribution of health supplements on Amazon. Also a president of Club Group Investment – USA Real estate company. Previously he had served as a president and CEO of Arlex Games Corp. from 2014 to 2017. From 2010 to 2014 was a president and CEO of Geo Production Corp. In addition he had served as a president and CEO of a manufacturing and distribution of arcade games company Punch Line Corp. from 2004 to 2009. From 2000 to 2004 president of Inventius Corp.

***Vladimir Vinogradov (Independent Member)*** - Before Mr. Vinogradov joined Clara Capital Corp., he worked as a Test Lead in Agile environment at HSBC Bank since 2021 till present. From March 2019 to September 2021, Mr. Vinogradov was engaged with PBR Services as a Senior QA Analyst/Test Lead. For the period from October 2016 to March 2019, he held the position of a Test Lead, Wealth Compass, LCTR projects in Agile environment at HSBC Bank. Mr. Vinogradov worked as Senior Quality Assurance Analyst / Automation Developer with BC HYDRO, Ministry of Education, Canadian Institute of Health, and Royal Bank Group. Mr. Vinogradov is a senior QA Analyst with over 15 years experience of working with data structures.

***Yuliia Baranets (Independent Member)*** - From 2015-2018, Ms Baranets worked as a freelance business consultant in China. As a business consultant, Yuliia Baranets managed start-ups and businesses of affluent individuals and investors.

From January 2018 to 2020 Ms Baranets worked as the Director, CEO and CFO of Lux Amber Corp. From 2013 to present Ms Baranets has been a successful investor in start-ups and public companies. From 2020 to present, Ms Baranets has been running a consulting business for public US and China companies. Yuliia Baranets has extensive business experience and is knowledgeable about the interpretation of financial statements.

#### 4. Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

#### 5. Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

#### 6. Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

#### 7. External Auditor Service Fees (By Category)

The auditor of the Company is Charles Sung, of CAN Partners LLP. For the financial year ended May 31, 2023, CAN Partners LLP received fees from the Company as follows:

	2023
Audit Fees <sup>(1)</sup>	\$9,040
Audit Related Fees <sup>(2)</sup>	\$-
Tax Fees <sup>(3)</sup>	\$-
All Other Fees <sup>(4)</sup>	\$-

Notes:

- (1) "Audit Fees" means the aggregate fees billed by the Company's external auditor for the last fiscal year for audit services.
- (2) "Audit-Related Fees" means the aggregate fees billed for the last fiscal year for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under clause (a) above, including assistance with specific audit procedures on interim financial information.

- (3) “Tax Fees” means the aggregate fees billed in the last fiscal year for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning.
- (4) “All Other Fees” means the aggregate fees billed in the last fiscal year for products and services provided by the Company’s external auditor, other than the services reported under clauses (a), (b) and (c), above.

## **8. Exemption**

The Company is relying on the exemption provided in section 6.1 of NI 52-110 as the Company is a “venture issuer” and is therefore exempt from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **CLARA CAPITAL CORP.**

### **AUDIT COMMITTEE**

#### **CHARTER ARTICLE 1 PURPOSE**

1.1 The Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Clara Capital Corp. (the “**Company**”) shall assist the Board in fulfilling its financial oversight responsibilities. The overall purpose of the Committee is to ensure that the Company’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 Company and to review the Company’s compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each member of the Committee will obtain an understanding of the responsibilities of the Committee membership as well as the Company’s business, its operations and related risks.

#### **ARTICLE 2 COMPOSITION, PROCEDURE, AND ORGANIZATION**

2.1 The Committee shall consist of at least three members of the Board, the majority of whom are not officers or employees of the Company or of an affiliate of the Company.

2.2 All members of the Committee shall be financially literate as defined in NI 52-110 – *Audit Committees* or any successor policy.

2.3 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.

2.4 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.

2.5 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.

2.6 The Committee shall have access to such officers and employees of the Company and to the Company’s external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

2.7 Meetings of the Committee shall be conducted as follows:

- (a) the Committee shall meet at least four times annually at such times and at such locations as maybe requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and

- (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.

2.8 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 Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

### **ARTICLE 3 ROLES AND RESPONSIBILITIES**

3.1 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 Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and interim consolidated financial statements and related financial disclosure;
- (b) to establish and maintain a direct line of communication with the Company's external auditors and assess their performance;
- (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
- (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.

3.2 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 Company, 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 Company's financial and auditing personnel;
  - (iv) co-operation received from the Company's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Company;

- (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;
- (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
- (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3.3 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (b) review compliance under the Company'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 Company; and
- (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the external auditors have been implemented.

3.4 The Committee is also charged with the responsibility to:

- (a) review and approve the Company's annual and interim financial statements and related Management's Discussion & Analysis ("MD&A"), including the impact of unusual items and changes in accounting principles and estimates;
- (b) review and approve the financial sections of any of the following disclosed documents prepared by the Company:
  - (i) the annual report to shareholders;
  - (ii) the annual information form;
  - (iii) annual MD&A;
  - (iv) prospectuses;
  - (v) news releases discussing financial results of the Company; 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 Company's consolidated financial statements;
- (d) review the appropriateness of the policies and procedures used in the preparation of the Company'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 Company'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 Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (h) review the Company'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.

3.5 Without limiting the generality of anything in this Charter, the Committee has 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 Auditor.

#### **ARTICLE 4 EFFECTIVE DATE**

4.1 This Charter was implemented by the Board on July 21, 2022.