



## AUDIT COMMITTEE CHARTER

### 1. INTRODUCTION

The Board of Directors ("**Board**") of Latin Metals Inc. (the "**Company**") has established an Audit Committee (the "**Committee**") based on of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") adopted by the Canadian Securities Administrators. The Committee is a standing committee of the Board.

### 2. PURPOSE

The principal purpose of the Committee is to act as the representative of the Board in carrying out its oversight responsibilities relating to:

- (a) the audit process of the Company;
- (b) the financial accounting and reporting process of the Company to shareholders and regulatory bodies; and
- (c) the system of internal financial controls of the Company.

### 3. COMPOSITION

- 3.1 The Committee shall be comprised of a minimum of three directors. A majority of the members of the Committee shall not be executive officers, employees or control persons of the Company or of an affiliate of the Company, unless otherwise permitted under NI 52-110. The Committee shall be comprised of such members as is required to meet all applicable laws, regulations and stock exchange policies. The Committee shall be appointed annually by the Board immediately following the annual general meeting of shareholders of the Company.
- 3.2 Each member of the Committee shall be financially literate within the meaning of NI 52-101 or, if permitted by NI 52-101, shall within a reasonable time period following his or her appointment become financially literate. One member of the Committee shall have accounting and financial expertise, meaning that the member possesses financial or accounting credentials or has experience in finance or accounting.
- 3.3 The members of the Committee shall be appointed by the Board annually and shall serve until their successors are duly appointed. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to the Committee continuing to satisfy the composition requirements mentioned above.
- 3.4 The Board shall designate one member of the Committee as the Chair of the Committee, but if it fails to do so, then members of the Committee may designate the Chair by a majority vote of the full Committee membership.

#### **4. MEETINGS**

- 4.1 The Committee shall meet at least annually or more frequently as required.
- 4.2 At all meetings of the Committee, the presence of a majority of the members shall constitute a quorum for the transaction of the business and the vote of a majority of the members present shall be an act of the Committee.
- 4.3 Members of the Committee may participate in a meeting of the Committee by conference telephone or similar communications equipment by means of which all people participating in the meeting can hear each other and such participation in a meeting shall constitute the person's presence at such meeting.
- 4.4 Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all of its members consent in writing to the action and such writing is filed with the records of proceedings of the Committee.

#### **5. AUTHORITY AND RESPONSIBILITIES**

- 5.1 The Committee's duty is to monitor and oversee the operations of management and the external auditor. Management is responsible for establishing and following the Company's internal controls and financial reporting processes and for ensuring their compliance with applicable laws, regulations and stock exchange policies. The external auditor is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards, and for issuing its report on the statements. The Committee should review and evaluate this Charter on an annual basis.
- 5.2 The principal roles and responsibilities of the Committee shall include:
  - (a) Management Oversight
    - (i) reviewing and evaluating the adequacy of the Company's processes for identifying, analyzing and managing financial risks, including foreign exchange and liquidity risks that may prevent the Company from achieving its objectives;
    - (ii) reviewing and evaluating the adequacy of the Company's processes over internal controls;
    - (iii) reviewing and evaluating the adequacy of the Company's processes over the status and the adequacy of internal information systems and security;
    - (iv) meeting with the external auditor at least once a year in the absence of management;
    - (v) requesting the external auditor's assessment of the Company's financial and accounting personnel; and
    - (vi) reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

(b) External Auditor Oversight

- (i) recommending to the Board the selection and, where applicable, the replacement, of the external auditor to be nominated annually for shareholder approval;
- (ii) recommending to the Board the compensation to be paid to the external auditor;
- (iii) reviewing and evaluating the external auditor's process for identifying and responding to key audit and internal control risks;
- (iv) reviewing the scope and approach of the annual audit;
- (v) informing the external auditor of the Committee's expectations;
- (vi) reviewing the independence of the external auditor on an annual basis;
- (vii) reviewing with the external auditor both the acceptability and the quality of the Company's financial reporting standards;
- (viii) resolving any disagreements between management and the external auditor regarding financial reporting;
- (ix) reviewing and pre-approving all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The authority to pre-approve non-audit services may be delegated by the Committee to one or more independent members of the Committee, provided that such pre-approval must be presented to the Committee's first scheduled meeting following such pre-approval. Pre-approval of non-audit services is satisfied if:
  - (A) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by the Company and its subsidiaries to the Company's external auditor during the fiscal year in which the services are provided;
  - (B) the Company or a subsidiary did not recognize the services as non-audit services at the time of the engagement; and
  - (C) the services are promptly brought to the attention of the Committee and approved, prior to completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee; and
- (x) confirming with the external auditor that the external auditor is ultimately accountable to the Board and the Committee, as representatives of the shareholders;

(c) Financial Reporting Oversight

- (i) reviewing, with management and the external auditor, the Company's annual and interim financial statements, management's discussion and analysis, any annual and interim earnings press releases and any reports or other financial information to be submitted to any governmental, regulatory body or the public, including any certification, report, opinion or review rendered by the external auditor, for the purpose of recommending their approval to the Board prior to the filing, issuing or publication of such information;
- (ii) ensuring that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (other than the public disclosure referred to in (i) above), as well as reviewing any financial information and earnings guidance provided to analysts and rating agencies, and periodically assessing the adequacy of those procedures; and
- (iii) discussing with the external auditor the quality and the acceptability of the International Financial Reporting Standards applied by management;

(d) "Whistleblower" Procedures

- (i) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- (ii) establishing procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- (iii) investigating and resolving all reported complaints and allegations made under the Company's *Whistleblower Policy* and *Code of Business Conduct and Ethics*; and

(e) Other Matters

- (i) overseeing the effectiveness of management's interaction with and responsiveness to the Board;
- (ii) reviewing and monitoring all related party transactions which may be entered into by the Company;
- (iii) ensuring that management has put into place procedures that facilitate compliance with the provisions of applicable laws, regulations and stock exchange policies relating to insider trading, continuous disclosure and financial reporting; and
- (iv) ensuring that management has put into place procedures that facilitate compliance with the Company's *AntiCorruption Policy* and *Code of Business Conduct and Ethics*, inclusive with quarterly reporting from management to the Committee.

- 5.3 The Board may refer to the Committee such matters and questions relating to the financial position of the Company and its affiliates as the Board from time to time may see fit.
- 5.4 All reasonably necessary costs to allow the Committee to carry out its duties shall be paid for by the Company. The Committee shall have the authority to conduct any investigation appropriate to fulfilling its responsibilities. After notifying the Board, the Committee may retain or appoint, at the Company's expense, such consultants and other experts and advisors as it deems necessary to carry out the Committees duties, and to set and pay their compensation.
- 5.5 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes, responsibilities, duties and authorities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.