

## **Audit and Financial Risk Management Committee Charter**

### **Purpose of the Audit and Financial Risk Management Committee**

The Audit and Financial Risk Management Committee (the “AFRC”) has been formed by the Board of Directors (the “Board”) of Atalaya Mining Plc (“Atalaya Mining”) to act on behalf of the Board in overseeing all material aspects of the company’s financial reporting, control and audit functions.

### **Structure and Composition**

The AFRC will be composed of independent, non-executive Directors with a minimum of three Directors and a maximum of four Directors. All AFRC members will be financially literate, as 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 breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements (“Financially Literate”) and, at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters.

An independent Director is a Director who has no direct or indirect material relationship with the Company. A material relationship is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the Director’s independent judgment or a relationship deemed to be a material relationship, as set out in Schedule “A” hereto.

The members of the AFRC shall be appointed by the Board on the recommendation of the Corporate Governance, Nominating and Compensation Committee. The members of the AFRC shall hold office for a period of one year, or such other period as the Board may decide, or until they cease to be Directors of the Company.

### **Chairman**

The Board shall appoint an independent Director, other than the Chairman of the Board, to Chair the AFRC. The Chair may be removed and replaced by the Board. If the Chair is not present at any meeting of the AFRC, a Chair shall be chosen by the members among themselves. Specific duties of the Chairman of the AFRC are set out in Schedule “B” hereto.

### **Secretary of Committee**

The Company Secretary acts as Secretary for the AFRC. In the absence of the Company Secretary, the Chair shall appoint a Secretary.

### **Meetings and Attendance Frequency of Meeting**

As a minimum, the AFRC must meet four times per annum. The four mandated meetings are for the purposes of:

- reviewing the audit scope for the year and approving the annual letter of engagement of the external auditor;
- reviewing the Quarterly Financial Reports; and
- reviewing, with the external auditor in attendance, the annual financial report and the accompanying audit report.

In addition, the Chairman is required to call a meeting of the AFRC if requested to do so by any member of the AFRC, the CEO/Managing Director, the Chief Financial Officer, or the external auditor.

## **Other Attendees**

The CEO/Managing Director and Chief Financial Officer as well as other members of senior management may be invited to be present for all or part of the meetings of the AFRC, but will not be members of the AFRC.

Representatives of the external auditor are expected to attend each meeting of the AFRC, when invited, and at least once a year the AFRC shall meet with the external auditors without any management staff or executives present.

## **Quorum**

A quorum for an AFRC meeting is two members.

## **Reporting**

The AFRC shall report a summary of the findings of each AFRC meeting to the Board. The minutes are to be tabled at the Board meeting following the AFRC meeting along with any recommendations of the AFRC.

In the case of annual statements and any regulatory filings that under applicable legislation must be approved by the Board, the AFRC shall report thereon to the Board before approval is given.

The AFRC may call a meeting of the Board to consider any matter of concern to the AFRC.

## **Authority**

Any member of the AFRC has authority to:

- Investigate any activity within its responsibilities;
- Seek any information it requires from any employee;
- Gain access to all records, property and personnel within the Company; and
- Obtain outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **Function/Responsibilities**

The AFRC is responsible for assisting the Board in overseeing the independence of the external auditors and fulfilling the Boards' statutory and fiduciary responsibilities relating to:

- Financial reporting;
- Reviewing and assessing the Company's business and financial risk management process, including the adequacy of the overall internal control environment and controls in selected areas representing significant risk; and
- External Audit.

To fulfil these functions the AFRC shall have the following duties and responsibilities:

- 1) To review the quality and integrity of all published financial statements and reports including the annual Management Discussion and Analysis report (if applicable) and quarterly earnings press releases issued by the Company, prior to the Company publicly disclosing the information, as well as all other material continuous disclosure documents and analysis with a view to making a recommendation to the Board.
- 2) To ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the financial statements and to periodically assess the adequacy of those procedures.
- 3) To review estimates and judgements that are material to reported financial information, and consider the quality and acceptability of the Company's accounting policies and procedures and the clarity of disclosure in financial statements.
- 4) To ensure compliance by the Company with legal and regulatory requirements related to financial reporting.

- 5) To review and to recommend to the Board the nomination and appointment of the external auditor for the purposes of preparing or issuing an auditors' report or performing other audit, review or attest services and to recommend to the Board the compensation of the external auditor.
- 6) To review the qualifications, performance and independence of the external auditor, to consider the auditor's recommendations and manage the relationship with the auditor, which includes meeting with the external auditor as required in connection with the audit services provided and to review the engagement letter of the external auditor.
- 7) To oversee the work of the external auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- 8) To pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditor.
- 9) To meet with the external auditor to discuss the annual financial report and any transaction referred to in the Board Charter.
- 10) To provide the external auditor with the opportunity to meet with the AFRC without management present at least once per year for the purpose of discussing any issues.
- 11) To review the quality and integrity of the internal controls and accounting procedures of the Company including reviewing the Company's procedures for internal control.
- 12) To identify risks inherent in the business of the Company and to review the Company's risk management procedures.
- 13) To review the competency and adequacy of the Company's staffing for the accounting and financial functions.
- 14) To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- 15) To review disclosure of Directors' Related Party transactions.
- 16) To review any significant, including any pending, transactions outside the Company's ordinary course of business and any pending litigation involving the company.
- 17) To review and monitor management's responsiveness to external audit findings or any regulatory authority.
- 18) To report to the Board of Directors, who in turn may refer the matter to the Corporate Governance, Nominating and Compensation Committee, any improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting or the integrity of the business.
- 19) To perform any other activities that the Board or the AFRC deems necessary or appropriate.
- 20) To report and make recommendations to the Board arising from its responsibilities as the AFRC considers appropriate.

In addition, the AFRC shall establish procedures for the receipt, retention and treatment of complaints (including "whistleblowing" complaints) received by Atalaya Mining regarding risk management, legal/regulatory compliance, accounting, internal accounting controls or auditing. This is to include a process for confidential anonymous complaints by employees or other stakeholders.

### **Access to Information**

In its discharge of the foregoing duties and responsibilities, the AFRC shall have the authority to communicate directly with the external auditors and shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the relevant accounting books, records and systems of the Company and shall discuss with the officers and auditors of the Company such books,

records, systems and other matters considered appropriate.

### **Independent Advisors**

The AFRC shall have the authority to engage such independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes and to set and cause to be paid by the Company the compensation of any such counsel or advisors.

### **Annual Evaluation**

To determine whether it is functioning effectively, each year the AFRC is to review this Charter and perform an evaluation of its performance.

## Schedule "A"

### 1.4 Meaning of Independence

- (1) An AFRC member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - a. an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - b. an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - c. an individual who:
    - (i) is a partner of a firm that is the issuer's external auditor,
    - (ii) is an employee of that firm, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - d. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of a firm that is the issuer's external auditor,
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - e. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
  - f. an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
  - a. he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
  - b. he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
  - a. compensation for acting as a member of the board of directors or of any board committee of the issuer, and
  - b. the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

- a. has previously acted as an interim chief executive officer of the issuer, or
  - b. acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

## **1.5 Additional Independence Requirements**

- (1) Despite any determination made under section 1.4, an individual who
- a. accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as Compensation for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
  - b. is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- a. an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
  - b. an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.”

## Schedule “B”

### ATALAYA MINING PLC

### (“ATALAYA MINING”)

## **POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT AND FINANCIAL RISK COMMITTEE**

### **1. Purpose**

The Chairman of the AFRC of the Board shall be an independent Director who is elected by the Board to act as the leader of the AFRC in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of Atalaya Mining.

### **2. Who may be Chairman**

The Chairman will be selected amongst the independent Directors of Atalaya Mining who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the AFRC.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

### **3. Responsibilities**

The following are the primary responsibilities of the Chairman:

- Chairing all meetings of the AFRC in a manner that promotes meaningful discussion.
- Ensuring adherence to the AFRC’s Charter and that the adequacy of the AFRC’s Charter is reviewed annually.
- Providing leadership to the Audit Committee to enhance the AFRC’s effectiveness, including:
  - Providing the information to the Board relative to the AFRC’s issues and initiatives and reviewing and submitting to the Board an appraisal of Atalaya Mining’s independent auditors auditing functions;
  - Ensuring that the AFRC works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;
  - Ensuring that the resources available to the AFRC are adequate to support its work and to resolve issues in a timely manner;
  - Ensuring that the AFRC serves as an independent and objective party to monitor Atalaya Mining’s financial reporting process and internal control systems, as well as to monitor the relationship between Atalaya Mining and the independent auditors to ensure independence;
  - Ensuring that procedures are in place to assess the audit activities of the independent auditors’ functions;
  - Ensuring that procedures are in place to review Atalaya Mining’s public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with the Board of Directors;
  - Ensuring that clear hiring policies are put in place regarding partners and employees of the auditors; and
  - Ensuring that procedures are in place for dealing with complaints received by Atalaya Mining regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.

- Managing the AFRC, including:
  - Adopting procedures to ensure that the AFRC can conduct its work effectively and efficiently, including AFRC structure and composition, scheduling, and management of meetings;
  - Preparing the agenda of the AFRC meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - Ensuring meetings are appropriate in terms of frequency, length and content;
  - Obtaining and reviewing with the AFRC an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
  - Overseeing the AFRC's participation in Atalaya Mining's accounting and financial reporting process and the audits of its financial statements;
  - Ensuring that the auditors' report directly to the AFRC, as representatives of Atalaya Mining's shareholders; and
  - Annually reviewing with the AFRC its own performance.
- Ensuring that a budgeting process is established, which process shall include the setting of spending limits and authorizations and periodical reports from the chief financial officer of actual spending as compared to the budget.