



PAN AMERICAN
— SILVER —

AUDIT COMMITTEE CHARTER

PURPOSE

Senior management of Pan American Silver Corp. (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;
- b. the external auditor’s qualifications and independence;
- c. management’s responsibility for assessing the effectiveness of internal controls; and
- d. the Company’s compliance with legal and regulatory requirements in connection with financial and accounting matters.

COMPOSITION AND OPERATION

The Committee shall be composed of at least three directors, all of whom shall be independent¹. 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).

The members of the Committee shall be appointed by the Board annually, and the Board may at any time remove or replace any member of the Committee and may fill any vacancy with another Board member, as required.

The Board shall appoint a chair (the “**Chair**”) from among the Committee members. 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 as chairperson at the meeting.

A quorum at meetings of the Committee shall be a majority of members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear one another.

The Committee will make every effort to meet at least four times per year and shall conduct such additional meetings as required from time to time. Each member is entitled to request that an additional meeting be called.

¹ A director’s “independence” shall be determined in accordance with the securities laws, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces and territories of Canada and the U.S. Securities and Exchange Commission, and the stock exchanges on which the Company’s securities are listed, including without limitation the Toronto Stock Exchange and Nasdaq (collectively, “Securities Laws”).



The external auditor may also request that the Chair 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.

The Committee shall fix its own procedures for meetings, keep records of its proceedings and report to the Board routinely at the next regularly scheduled Board meeting. Copies of meeting records will be made available to the external auditor as requested.

In camera sessions will be scheduled for each Committee meeting.

The Committee may act by unanimous written consent of its members. A resolution approved in writing by members of the Committee shall be valid and effective as if it had been passed at a duly called meeting.

RESPONSIBILITIES AND DUTIES

Overall Committee:

To fulfill its responsibilities and duties the Committee will:

- a. oversee the relationship and maintain a direct line of communication with the Company's internal and external auditors and assess their respective performance;
- b. 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;
- c. review and recommend to the Board for approval the audited annual financial statements, with the report of the external auditor, and corresponding management's discussion and analysis prior to public dissemination and filing with securities regulatory authorities;
- d. review and approve, or recommend to the Board for approval, the quarterly financial statements of the Company and corresponding management's discussion and analysis prior to public dissemination and filing with securities regulatory authorities;
- e. review any other disclosure documents that contain material financial information about the Company requiring approval by the Board prior to public dissemination and filing with securities regulatory authorities, including, but not limited to, financial information in earnings press releases, annual reports, Form 40-F, annual information forms, information circulars, and prospectuses;
- f. review with management any tax matters that could have a material effect on the Company's financial statements;
- g. review and approve the Company's financial risk management programs, including any significant commodity, currency or interest rate hedging programs, or if deemed appropriate by the Committee, make recommendations to the Board with respect to such programs;
- h. review proposed major financing activities of the Company and make recommendations to the Board with respect to the same;
- i. assess policies and procedures for cash management and review investment strategies for the Company's cash balances;
- j. review the Company's cash flow projections and liquidity forecasts; and
- k. review this Charter periodically, but at least once per annum, and recommend to the Board any necessary amendments.



Public Filings, Policies and Procedures:

The Committee will:

- a. satisfy itself that 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, other than the Company's financial statements, management's discussion and analysis, and earnings press releases, and periodically assess such 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. review disclosures made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process for any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in internal controls;
- c. review 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; and
- d. review with management, the external auditors and the Company's legal counsel, any 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 these matters have been disclosed in the financial statements.

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, re-appointment, or removal by shareholders at each annual general meeting of the Company;
- b. make recommendations to the Board with respect to the compensation of the external auditor, assess whether fees and any other compensation to be paid to the external auditor for audit or non-audit services are appropriate to enable an audit to be conducted and to maintain the independence of the external auditor;
- c. review the performance of the external auditor and, where appropriate, recommend to the Board appropriate action with respect to the external auditor;
- d. 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;
- 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 that the Board take, appropriate actions to oversee the independence of the external auditor;
- f. oversee the work of the external auditor engaged for the purpose 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, including, review and, as applicable, approval of the following:
 - i. the external auditor's engagement letter and audit plans;



- ii. the form and content of the quarterly and annual audit report, which should include, *inter alia*:
 - a summary of the Company's internal controls findings resulting from the annual audit procedures;
 - any material issues raised in the most recent meeting of the Committee; and
 - any other related audit, review or attestation services performed for the Company by the external auditors;
- iii. form and content of other reports of the auditors;

and the Committee shall report to the Board, as necessary, in respect of the above noted matters;

- g. review and pre-approve all non-audit services provided to the Company or its subsidiaries by the external auditor prior to the commencement of such services, and in doing so, the Committee may delegate to one or more independent members of the Committee the authority to pre-approve any such non-audit services, provided that the decision of such member(s) on such non-audit services will be presented to the Committee at its next regularly scheduled meeting, and in all cases, pre-approval of non-audit services must satisfy the requirements set out in *National Instrument 52-110 – Audit Committees*;
- h. monitor the relationship between management and the external auditor and resolve any disagreements between them regarding financial reporting;
- i. 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 schedules of adjusted and unadjusted differences, as applicable.

Internal Controls and Financial Reporting

The Committee will:

- a. obtain reasonable assurance from discussions with (and/or reports from) management, and reports from external and internal auditors that the Company's financial and accounting systems are reliable and that the 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 identify areas of concern and, where appropriate to do so, discuss with the external auditor;
- 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. consider proposed appointees for the position of chief financial officer and, if deemed appropriate by the Committee, other key financial executives involved in financial reporting;



- g. satisfy itself that CEO and CFO certifications pursuant to Securities Laws are prepared and filed and make inquiries and initiate discussion as necessary with management regarding the practices and procedures adopted to permit management's assurance on the underlying controls; and
- h. 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.

Internal Audit

The Committee shall be responsible for reviewing:

- a. activities, organization structure, and qualifications of the internal audit function;
- b. the resources, budget, reporting relationships and planned activities of the internal audit function;
- c. internal audit findings and the implementation of any accepted recommendations;
- d. the internal audit procedures and recommending changes, if any; and
- e. the adequacy of the line of communication between internal audit and the Committee, ensuring that it is maintained.

Ethical and Legal Compliance and Risk Management

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

- a. satisfy itself 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 financial integrity of the Company, including those relating to hedging, insurance, accounting, information security and systems, cash management and investment strategies, related-party transactions, 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. receive a report on the annual policy attestation process for the Company's Global Code of Ethical Conduct, Global Anti-Corruption Policy, Gifts and Hospitality Guidelines, and any other relevant policies and guidelines (collectively, the "**Policies**");
- e. 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);
- f. receive reports from management and other Board committees, as and when appropriate, on the identification, assessment and management of risks;
- g. in conjunction with any other committee designated by the Board from time to time, review major financial, audit and accounting related risks, including information security and cyber risks, and the policies, guidelines and mechanisms that management has put in place to govern the process of monitoring, controlling and reporting such risks;



- h. oversee the establishment of procedures for:
 - i. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and
 - ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- i. review any material complaints and concerns received regarding accounting, internal controls, or auditing matters or with respect to the Policies, and the investigation and resolution thereof, and, where appropriate to do so, provide all relevant information relating to such complaints and concerns to the Nominating and Governance Committee, taking into account the complainants' confidentiality concerns and the roles and responsibilities of each Committee;
- j. review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor;
- k. review and monitor the Company's compliance with applicable legal and regulatory requirements related to financial reporting and disclosure;
- l. review all related-party transactions; and
- m. review reports from management, internal and external auditors with respect to the Company's compliance with the laws and regulations having a material impact on financial reporting and disclosure.

AUTHORITY

The Committee shall have the authority to:

- a. at the Company's expense, engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b. set and pay the compensation for any advisors engaged by the Committee; and
- c. communicate directly with any such advisors and with the internal and external auditors.

The Committee shall have unrestricted access to all records, facilities, and personnel of the Company necessary to carry out its responsibilities and may meet separately with head of internal audit, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and such other members of management as they may deem necessary.

The Committee shall be provided with the resources necessary to carry out its responsibilities.

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.

The Committee may, upon approval by a majority of the members of the Committee, delegate certain of its duties and responsibilities to subcommittees of the Committee, which must report back to the full Committee.

DEFINITIONS

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

"Financially Literate" shall have the meaning as defined by Securities Laws, which includes, without limitation, 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 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:
 - i. 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;
 - ii. experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; or
 - iii. 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.