



**ORLA MINING LTD.**

**CHARTER OF THE AUDIT COMMITTEE**

**INTRODUCTION**

The primary responsibility of the Audit Committee (the "Committee") is to oversee Orla Mining Ltd.'s (the, "Company" or "Orla") financial reporting process on behalf of the Company's Board of Directors (the "Board") in order to assist the directors of the Company in meeting their responsibilities with respect to financial reporting by the Company.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's annual financial statements.

**1. RESPONSIBILITIES AND AUTHORITY**

The role, responsibility, authority and power of the Committee includes, but is not be limited to the following:

- (a) the Committee shall be directly responsible for the appointment and termination (subject to Board and shareholder ratification), compensation and oversight of the work of the independent auditors, including resolution of disagreements between management and the independent auditors regarding financial reporting;
- (b) the Committee shall ensure that at all times there are direct communication channels between the Committee and the internal auditors, if applicable, and the external auditors of the Company to discuss and review specific issues, as appropriate;
- (c) the Committee shall discuss with the independent auditors (and internal auditors, if applicable) the overall scope and plans for their audits, including the adequacy of staff. The Committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk and legal risk;
- (d) the Committee shall, at least annually, obtain and review a report by the independent auditors:
  - (i) describing their internal quality control procedures;
  - (ii) reviewing any material issues raised by the most recent internal quality control review, or peer review, or any inquiry or investigation by a government or professional institute or society, within the preceding five years, respecting any independent audit carried out by the independent auditors, and any steps taken to deal with any such issues; and
  - (iii) outlining all relationships between the independent auditor and the Company in order to assess the auditor's independence;
- (e) the Committee shall meet separately, on a regular basis, with management and the independent auditors to discuss any issues or concerns warranting Committee attention. As

part of this process, the Committee shall provide sufficient opportunity for the independent auditors to meet privately with the Committee;

- (f) the Committee shall receive regular reports from the independent auditors on critical policies and practices of the Company, including all alternative treatment of financial information within generally accepted accounting principles which have been discussed with management. Where alternative treatment exists, the independent auditors shall be invited to express their opinion as to whether the Company is using best practices;
- (g) the Committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion;
- (h) the Committee shall review and discuss earnings press releases, as well as information and earnings guidance provided to analysts and rating agencies;
- (i) the Committee shall review the interim and annual financial statements and disclosures under management's discussion and analysis of financial condition and results of operations with management and the annual audited statements with the independent auditors, prior to recommending them to the Board for approval, release or inclusion in any reports to shareholders and/or securities commissions;
- (j) the Committee shall receive reports, if any, from corporate legal representatives of evidence of material violation of securities laws or breaches of fiduciary duty;
- (k) the Committee shall review and ensure that procedures are in place for the receipt, retention and treatment of complaints received by the Company regarding accounting and auditing matters, as well as the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- (l) the Committee shall meet as often as it deems appropriate to discharge its responsibilities and in any event at least four times per year. Additional meetings may be held as deemed necessary by the Chair of the Audit Committee (the "Chair") or as requested by any Committee member or the external auditors or management;
- (m) the Committee shall review all issues related to a change of auditor, including the information to be included in the notice of change of auditor and the planned steps for an orderly transition;
- (n) the Committee shall pre-approve all non-audit services to be provided to the Company by the external auditors;
- (o) the Committee shall review and approve the Company's policy with regard to the hiring of current and former partners or employees of the present and former external auditors;
- (p) the Committee shall report on all the foregoing matters to the directors of the Company at the next Board meeting following;
- (q) at all times, the membership of the Committee shall be such that:
  - (i) it shall be comprised of no fewer than three members;
  - (ii) the majority of the members thereof shall be "unrelated directors" or "independent" directors of the Company, as may be defined by the TSX Venture Exchange, the

- Ontario Securities Commission or any other regulator to which the Company reports or may report in the future;
- (iii) the majority of the members of the Committee shall be financially literate in terms of the ability to read and understand a set of financial statements;
  - (iv) no independent member of the Committee shall have a material business relationship with the Company;
- (r) no business shall be transacted by the Committee except at a meeting of the members thereof at which;
- (v) a majority of the members thereof are present;
  - (vi) a majority of the members thereof present are "unrelated or independent directors" of the Company; or
  - (vii) by a resolution in writing signed by all of the members of the Committee;
- (s) the minutes of all meetings of the Audit Committee shall be provided to the Board.

## **2. CODE OF BUSINESS CONDUCT AND ETHICS**

With regard to the Company's Code of Business Conduct and Ethics (the "Code") and its Whistleblower Policy (the "Policy") the Committee shall:

- (a) review periodically and recommend to the Board any amendments to the Code and/or Policy and monitor the policies and procedures established by management to ensure compliance with the Code;
- (b) review actions taken by management to ensure compliance with the Code and their response to any violations of the Code; and
- (c) monitor the adequacy of the Code, any proposed amendments to the Code and any waivers of the Code granted by the Board.

## **3. RESPONSIBILITIES OF THE COMMITTEE CHAIR**

The fundamental responsibility of the Chair is to be responsible for the management and effective performance of the Committee and to provide leadership to the Committee in fulfilling its Charter and any other matters delegated to it by the Board. To that end, the Chair's responsibilities shall include:

- (a) working with the Chairman of the Board to establish the frequency of Committee meetings and the agendas for such meetings;
- (b) providing leadership to the Committee and presiding over Committee meetings;
- (c) facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
- (d) reporting to the Board with respect to significant activities of the Committee and any recommendations of the Committee;

- (e) addressing, or causing to be addressed, all concerns communicated to the Chair under the Code and Policy;
- (f) leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
- (g) taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

**4. ADOPTION**

The Charter was adopted by the Board on December 6, 2016