

AUDIT COMMITTEE CHARTER

PURPOSE OF THE AUDIT COMMITTEE

The purpose of the Audit Committee (the “**Audit Committee**”) of the board of directors (the “**Board**”) of Outcrop Silver & Gold Corporation (“**Outcrop**”) is to provide an open avenue of communication between management, Outcrop’s independent auditors and the Board, and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of Outcrop’s financial reporting and disclosure practices;
- Outcrop’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of Outcrop’s independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, Outcrop’s articles and governing laws, as the Audit Committee or Board deems necessary or appropriate, including National Instrument 52-110 *Audit Committees*.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of Outcrop or of an affiliate of Outcrop. All members of the Audit Committee must be financially literate.

The quorum for a Meeting of the Audit Committee is a majority of the members who are not officers or employees of Outcrop or of an affiliate of Outcrop, present in person or by telephone or other electronic means. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee’s role is one of oversight. Management is responsible for preparing Outcrop’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (“**IFRS**”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit Outcrop’s financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Outcrop in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing Outcrop’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for Outcrop, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of Outcrop’s Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of Outcrop’s accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related

documents and review with management the unaudited quarterly financial statements and related documents, and the annual information form, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review Outcrop's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by Outcrop, including consideration of the independent auditor's judgment about the quality and appropriateness of Outcrop's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to Outcrop by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and Outcrop and all non-audit work performed for Outcrop by the independent auditor.
11. Establish and review Outcrop's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of Outcrop.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of Outcrop.