



## EAST AFRICA METALS INC.

### AUDIT COMMITTEE CHARTER

The Board of Directors (the "Board") of East Africa Metals Inc., a Canadian federal corporation (the "Company"), approves and adopts the following Audit Committee Charter to specify the composition, roles and responsibilities of the Audit Committee (the "Committee").

#### **Purpose**

The purpose of the Committee is to assist the Board in fulfilling its responsibility for the oversight of the financial reporting process. The purpose of this Charter is to ensure that the Company maintains a strong, effective and independent audit committee, to enhance the quality of financial disclosure made by the Company and to foster increased investor confidence in both the Company and Canada's capital markets. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will review financial reports or other financial information provided by the Company to regulatory authorities and shareholders and review the integrity, adequacy and timeliness of the financial reporting and disclosure practices of the Company. The Committee will monitor the independence and performance of the Company's independent auditors.

#### **Composition and Procedures of the Audit Committee**

The Committee shall consist of at least three (3) directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. While the Board may recommend a Chairman for the Committee, the Committee shall have the discretion to appoint the Chairman from amongst its members. The Committee shall establish procedures for quorum, notice and timing of meetings subject to the proviso that a quorum shall be no less than two (2) Committee members. Meetings shall be held no less regularly than once per quarter to review the audited financial statements and interim financial statements of the Company. At least one (1) member of the Committee shall be independent and the Board and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has 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.

#### **Specific Duties and Responsibilities of the Audit Committee**

##### **External Audit**

- (1) The Committee shall recommend to the Board:

- (a) the external auditors to be nominated for the purpose of preparing or issuing an auditors' report performing other audit, review or attest services for the Company; and
  - (b) the compensation of the external auditors.
- (2) The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company, including the resolution of disagreements between Management and the external auditors regarding financial reporting.
- (3) The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditors.
- (4) The Committee satisfies the pre-approval requirement in paragraph (3) if:
- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiary entities to the Company's external auditors during the fiscal year in which the services are provided;
  - (b) the Company or the subsidiary entity of the Company, as the case may be, 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 the completion of the audit, by the Committee or by one or more of its members to who authority to grant such approvals has been delegated by the Committee.
- (5) With respect to pre-approval:
- (a) the Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in paragraph (3).
  - (b) the pre-approval of non-audit services by any member to whom authority has been delegated pursuant to paragraph (5)(a) must be presented to the Committee at its first scheduled meeting following such pre-approval.
- (6) The Committee satisfies the pre-approval requirement in paragraph (3) if it adopts specific policies and procedures for the engagement of the non-audit services, if:
- (a) the pre-approval policies and procedures are detailed as to the particular services;
  - (b) the Committee is informed of each non-audit service; and
  - (c) the procedures do not include delegation of the Committee's responsibilities to Management.
- (7) The Committee shall monitor the independence of the independent auditors and establish procedures for confirming annually the independence of the independent auditors and any

relationships that may impact upon the objectivity and the independence of the external auditors.

#### Financial Reporting

- (8) The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
- (9) The Committee must be satisfied 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 paragraph (8), and must periodically assess the adequacy of those procedures.
- (10) The Committee shall review the clarity of the financial statement presentation with a view to ensuring that the financial statements provide meaningful and readily understandable information to shareholders and the investing public.

#### Internal Controls

- (11) The Committee must establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (12) The Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (13) The Committee shall review with Management and independent auditors the quality and the appropriateness of the Company's financial reporting and accounting policies, 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.
- (14) The Committee shall review with Management and the external auditors the audit plan for the year-end financial statements prior to the commencement of the year end audit.
- (15) The Committee shall review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

#### Authority

- (16) The Committee shall have the authority:
  - (a) to conduct any investigation appropriate to fulfilling its responsibilities and shall have direct access to the outside auditors, management and any employee of the Company

to discuss any matters within the Committee's purview, in separate executive sessions, to discuss any matters that the Committee, or these persons, believe should be discussed privately;

- (b) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (c) to set and pay the compensation for any advisors employed by the Committee;
- (d) to communicate directly with the internal and external auditors; and
- (e) to delegate to its Chairman or any of its members the responsibility for any particular matters that the Committee deems appropriate.

#### **ADOPTION OF THE AUDIT COMMITTEE CHARTER AND AMENDMENTS**

The Committee shall review and recommend to the Board any updates to this Charter. All changes to this Charter requires approval by the Board.

This Charter was adopted and approved by the Board of Directors of the Company on March 28, 2013.