



Audit Committee Charter

A. INTRODUCTION

The board of directors (the "**Board**") of Iberian Minerals Corp.(the "**Corporation**") has established the Audit Committee (the "**Committee**") to assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to internal and external audit functions, accounting and financial reporting processes, internal financial controls and financial risk management systems. The Committee is also mandated to provide an open avenue of communication between the executive officers of the Corporation (the "**Executive Board**"), the Board and the external auditors.

Other than a fee for being on the Committee and the flat annual fee associated with directorship, no Member will receive any compensation from the Corporation. In addition to the foregoing, the Committee will perform such other duties as may be required by any applicable stock exchanges, regulatory authorities or legislation.

B. COMPOSITION

1. The Committee shall at all times be composed of a minimum of three individuals (the "**Members**").
2. Each Member shall be a director of the Corporation.
3. The Committee shall use its best efforts to ensure that each of the Members is independent in accordance with all applicable laws and regulations, including the applicable securities laws of Canada and any regulations and policies of any stock exchange on which the Company's securities are listed or quoted. In general terms, however, a Member will be considered independent if they have no direct or indirect relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of the Member's independent judgment.
4. Each Member shall be financially literate, in that he or she shall have the ability to read and understand a set of financial statements that are of the same breadth and level of complexity of accounting issues that would be comparable to the breadth and level of complexity of the issues that would be reasonably expected of the Corporation's financial statements.
5. At least one Member shall have related financial expertise and possess the ability to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles.
6. Members shall be appointed by the Board and shall serve until they resign, cease to be a director of the Corporation or are removed or replaced by the Board.
7. The Board shall designate one of the Members as chair of the Committee (the "**Chair**").
8. The Secretary of the Corporation shall be secretary of the Committee (the "**Secretary**")

unless the Chair designates an alternative secretary for any meeting or meetings.

C. RESPONSIBILITIES

1. **External Auditor.** The Committee shall have the following duties and responsibilities with respect to the Corporation's external auditors:

- (a) selecting and recommending to the Board an appropriate external auditor for the purpose of preparing and issuing an auditor's report or performing other such audit services, as required;
- (b) verifying the independence and objectivity of the external auditor;
- (c) reviewing and approving the compensation of the external auditor;
- (d) overseeing the work of the external auditors, including resolving disagreements between the Executive Board and the external auditors with respect to financial reporting;
- (e) liaising directly with the Corporation's external auditors and ensuring that the external auditors report directly to the Committee as opposed to the Executive Board or the Board;
- (f) in the event that non-audit services are provided by the external auditor, pre-approving, with the support of the Chair, all such services;
- (g) reviewing and approving the hiring policies of the Corporation with respect to present and former partners and employees of the current and former external auditors;
- (h) overseeing the rotation of the audit partner having primary responsibility for the external audit of the Corporation, the audit partner responsible for reviewing the external audit and the external auditors at such intervals as may be required; and
- (i) overseeing any change in the external auditors, including the notice of change of auditors required under applicable laws.

2. **External Audits.** The chosen external auditor will perform an audit of the Corporation at least once during the Corporation's fiscal year. The Committee shall have the following duties and responsibilities with respect to this external audit or any other audits so performed by the external auditors:

- (a) reviewing the scope, timing as well as cost of the annual or any other audit;
- (b) reviewing the audit plan of the external auditors prior to the commencement of any audit, including the scope and depth of the work to be performed;
- (c) reviewing the contents of the completed report;
- (d) reviewing with the external auditor the cooperation received from the Corporation's financial and accounting personnel throughout the audit period and the scope and nature of the internal resources used;
- (e) discussing with the external auditor any material transactions, whether included in the auditor report or not; and
- (f) ensuring that the report complies with the audit plan put forth by the external auditors.

3. **Internal and External Reporting.** The Committee shall play an integral role in reviewing and commenting on the Corporation's internal and external reporting and accepts the following as part of its mandate:

- (a) reviewing and assessing the accounting and reporting practices and principles used by the Corporation in preparing its financial statements, including:
 - (i) all significant accounting policies and practices used, including any changes from preceding years and any proposed changes for future years;
 - (ii) all significant financial reporting issues, estimates and judgments made;
 - (iii) all alternative treatments of financial information discussed by the external auditors and the Executive Board, the results of such discussions and the treatments preferred by the external auditors;

- (iv) any material issues identified by the external auditors with respect to the adequacy of internal control structure and any special audit steps adopted in light of material deficiencies or weaknesses;
 - (v) the effect of regulatory and accounting initiatives and off-balance sheet transactions or structures on the financial statements;
 - (vi) any errors or omissions in, and any required restatement of, the financial statements for preceding years;
 - (vii) all significant tax issues;
 - (viii) the reporting of all material contingent liabilities; and
 - (ix) any material written communications between the external auditors and the Executive Board.
- (b) Review and approving, and where required, recommending to the Board for approval, the financial statements, management's discussion and analysis ("**MD&A**") of financial conditions and results of operations and interim financial reports of the Corporation with particular focus on:
- (i) quality and appropriateness of accounting and reporting practices and principles and any changes thereto;
 - (ii) major estimates or judgments, including alternative treatments of financial information discussed by the Executive Board and the external auditors, the results of such discussions and the treatments preferred by the external auditors;
 - (iii) material financial risks, transactions, adjustments and off-balance sheet transactions and structures;
 - (iv) compliance with loan agreements;
 - (v) compliance with accounting standards; and
 - (vi) compliance with legal and regulatory requirements.
4. **Public Disclosure.** The Committee will review the Corporation's financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information and with a particular focus on the financial information contained therein.
5. **Internal Control Structures.** The Committee shall be responsible for overseeing the Corporation's internal financial control structure, financial risk management systems and internal audit function, including:
- (a) reviewing and discussing with the Executive Board, the external auditors and internal audit personnel the quality and adequacy of the internal control over the Corporation's financial reporting structure, including any material deficiencies or weaknesses and the steps taken by the Executive Board to rectify these deficiencies or weaknesses;
 - (b) reviewing and discussing with the Executive Board, the external auditors and internal audit personnel the quality and adequacy of the Corporation's financial risk management systems, including the major financial risk exposures of the Corporation and the steps taken by the Executive Board to monitor and control these exposures;
 - (c) communicating the Committee's expectation of the internal audit function, including coordination between the external auditors and internal audit personnel and the resources available for the internal audit function;
 - (d) considering the major finding of any internal audit reports and the Executive Board's response thereto; and
 - (e) reviewing and discussing with the Corporation's CEO and the Chief Financial Officer (the "**CFO**") the procedures undertaken by them in connection with the certifications required to be given by them in

connection with annual and other filings the Corporation is required to make under applicable securities laws.

6. ***Internal Control Procedures.*** The Committee shall establish adequate procedures, or require that adequate procedures are established, with respect to the following and shall annually assess the adequacy of these procedures:

- (a) the review of the public disclosure of financial information extracted from the Corporation's financial statements;
- (b) the receipt, retention and treatment of complaints received by the Corporation with respect to accounting, internal accounting controls or auditing matters; and
- (c) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

7. ***Miscellaneous.*** The Committee shall:

- (a) in cooperation with the Board and the Executive Board, develop a calendar of activities and a meeting schedule for each year;
- (b) review the operating budgets of the Corporation; and
- (c) review and discuss with the Executive Board and the external auditors any material difficulties or problems with regulatory or government agencies with respect to financial matters and the Executive Board's response thereto.

8. ***Matters for which the Audit Committee is not Responsible.*** The Committee is not responsible for those matters which are the responsibility of the Executive Board or the external auditors, including:

- (a) planning and conducting the external audit;
- (b) ensuring that the financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles;
- (c) ensuring that the financial statements of the Corporation and other financial information of the Corporation contained in regulatory filings and other public disclosure of the Corporation fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation; and
- (d) ensuring compliance with applicable laws and regulations.

D. AUTHORITY

1. In fulfilling its mandate, the Committee shall have the authority to:

- (a) engage independent legal counsel and other advisors, as it determines necessary, to carry out its duties and responsibilities, as outlined above;
- (b) establish the level of compensation to be paid by the Corporation to any advisors employed the Committee;
- (c) directly contact the external auditors, officers and employees of the Corporation regarding information and records of the Corporation; and
- (d) invite the Corporation's officers and employees, and outsiders with relevant experience and expertise, to attend or participate in its meetings and proceedings as the Committee deems necessary.

E. COMMITTEE MEETINGS

1. The Committee shall meet at least 4 times each year and not less frequently than once each calendar quarter.

2. Any Member or the Secretary may call a meeting of the Committee. The external auditors or the CFO of the Corporation may ask a Member to call a meeting of the Committee.
3. The Chair is responsible for the agenda of each meeting of the Committee, including input from the officers and employees of the Corporation, other Members and other directors of the Corporation as appropriate. Meetings will include presentations by the Executive Board or professional advisors and consultants when appropriate and allow sufficient time to permit a full and open discussion of agenda items.
4. Unless waived by all Members, a notice of each meeting of the Committee confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded to each Member at least three days before the date of the meeting.
5. The quorum for each meeting of the Committee is two Members. Any matter to be voted upon shall be decided by a majority of the votes cast for a resolution. In the absence of the Chair, the other Members may appoint one of their number as chair of a meeting. The chair of a meeting shall not have a second or casting vote.
6. The Chair or his or her delegate shall report to the Board following each meeting of the Committee.
7. The Secretary shall keep minutes of all meetings of the Committee, including all resolutions passed by the Committee. Minutes of meetings shall be distributed to the Members and the other directors of the Corporation after preliminary approval thereof by the Chair.
8. An individual who is not a Member may be invited to attend a meeting of the Committee for all or part of the meeting. A standing invitation shall be given to the Chair of the Board and President and CEO and the CFO of the Corporation and the engagement partners of the external auditors.
9. The Committee shall meet regularly alone and also in private sessions with the external auditors, internal audit personnel and the Executive Board of the Corporation to facilitate full communication.

F. ASSESSMENT OF THE COMMITTEE AND CHARTER REVIEW

1. The Committee and the Board shall annually assess the effectiveness of the Committee with a view to ensuring that the performance of the Committee accords with best practices.
2. The Committee and the Board shall annually review and update this Charter as required.