



AUDIT COMMITTEE CHARTER

**1. General**

- 1.1. The board of directors (the “**Board**”) of the MAG Silver Corp. (the “**Company**”) has established an Audit Committee (the “**Committee**”) to assist the Board in fulfilling its oversight responsibilities. The Committee will review and oversee the financial reporting and accounting process of the Company, the system of internal control and management of financial risks, the external audit process, and the Company’s process for monitoring compliance with laws, regulations and its own Code of Business Conduct and Ethics. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors, and will monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as of the Company’s business, operations and risks.
- 1.2. The Company’s independent auditor is ultimately accountable to the Board and to the Committee. The Board and Committee, as representatives of the Company’s shareholders, have the ultimate authority and responsibility to evaluate the independent auditor, to nominate annually the independent auditor to be proposed for shareholder approval, to determine appropriate compensation for the independent auditor, and where appropriate, to replace the independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Committee must maintain free and open communication between the Company’s independent auditors, Board and Company management. The responsibilities of a member of the Committee are in addition to such member’s duties as a member of the Board.

**2. Members**

- 2.1. The Board will in each year appoint a minimum of three (3) directors as members of the Committee. All members of the Committee shall be non-management directors and shall be independent within the meaning of all applicable U.S. and Canadian securities laws and the rules of the Toronto Stock Exchange and the NYSE American, unless otherwise exempt from such requirements.
- 2.2. None of the members of the Committee may have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.
- 2.3. All members of the Committee shall be able to read and understand fundamental financial statements and must be financially literate within the meaning of all applicable U.S. and Canadian securities laws, or become financially literate within a reasonable period of time following his or her appointment. Additionally, at least one member of the Committee shall be financially sophisticated and shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable

experience or background which results in the individual's financial sophistication, which may include being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities.

### **3. Duties**

3.1. The Committee will have the following duties:

- (a) Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- (b) Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- (c) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- (d) Review any legal matters which could significantly impact the financial statements as reported on by the Company's counsel and engage outside independent counsel and other advisors whenever as deemed necessary by the Committee to carry out its duties.
- (e) Review the Company's annual and quarterly financial statements, including Management's Discussion and Analysis with respect thereto, and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are complete and consistent with the information known to Committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").
- (f) Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- (g) Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- (h) Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- (i) Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- (j) Evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:
  - i. actual financial results for the interim period varied significantly from budgeted or projected results;
  - ii. generally accepted accounting principles have been consistently applied;

- iii. there are any actual or proposed changes in accounting or financial reporting practices; or
  - iv. there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- (k) Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- (l) Recommend to the Board an external auditor to be nominated for appointment by the Company's shareholders. Subject to the appointment of the Company's external auditor by the Company's shareholders, the Committee will be directly responsible for the appointment, compensation, retention and oversight of the work of 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. The Company's external auditor shall report directly to the Committee.
- (m) Review with the Company's management, on a regular basis, the performance of the external auditors, the terms of the external auditor's engagement, accountability and experience.
- (n) The Committee Chair will pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditor. The decisions of the Committee Chair relating to the pre-approval of non-audit services must be presented to the full Committee at its next scheduled Committee meeting.
- (o) Consider at least annually the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services obtained by the Company, including:
  - i. ensuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
  - ii. considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
  - iii. as necessary, taking, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor.
- (p) Ensure 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 contained in the Company's financial statements, Management's Discussion and Analysis and annual and interim earnings press releases; and periodically assess the adequacy of those procedures.
- (q) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

- (r) 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.
- (s) Establish a procedure for:
  - i. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - ii. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- (t) Adhere to the processes and procedures of the Company's Whistleblower Protection Policy, including, but not limited to:
  - i. investigating complaints made to the Committee;
  - ii. retaining all documents and records regarding any complaint made to the Committee;
  - iii. determining the validity of each complaint and fashioning, with the input of its advisors and the Company's management, if requested, the appropriate corrective action for each complaint; and
  - iv. discussing the status of any ongoing investigation at each quarterly meeting.
- (u) Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately in the absence of management.
- (v) Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- (w) Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- (x) Review and oversee all related party transactions.
- (y) Perform other functions as requested by the Board.
- (z) If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.
- (aa) Review and re-assess annually the adequacy of this Charter and recommend updates to this charter; receive approval of changes from the Board.
- (bb) With regard to the Company's internal control procedures, the Committee is responsible to:
  - i. review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those related to internal auditing, insurance, accounting, information

services and systems and financial controls, management reporting and risk management;

- ii. review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate; and
  - iii. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company.
- (cc) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (dd) Comply with Rule 10A – 3(b)(2), (3), (4) and (5) under the *Securities Exchange Act of 1934*.
- (ee) The Committee Chair will participate in shareholder engagement in regard to matters arising in respect to the Committee's responsibilities.
- (ff) Review and approve financial summaries and disclosure made in accordance with the *Extractive Sector Transparency Measures Act*.

#### **4. Chair**

- 4.1. The Board shall designate one Committee member to act as the chair of the Committee (the "**Chair**"). In the Chair's absence, the Committee may select another member to act as Chair by majority vote in order to transact business at a meeting of the Committee. The Chair will not have a casting vote. The Chair shall lead all Committee meetings, ensure the fulfillment of the Committee's mandate and report on Committee activities to the Board.

#### **5. Meetings**

- 5.1. The Committee will meet as often as is required to fulfill its responsibilities or at least once every calendar quarter. Special meetings shall be convened as required. Notices calling meetings shall be sent to all members of the Committee, all Board members and the external auditor. The external auditor of the Company must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Committee. At the request of the external auditor, the Committee must convene a meeting of the Committee to consider any matter that the external auditor believes should be brought to the attention of the Board or shareholders of the Company.
- 5.2. The Committee may invite such other persons (e.g. without limitation, the President or Chief Financial Officer) to its meetings, as it deems appropriate. In-camera sessions will be held during, or after, every committee meeting (including special meetings) for which any guests including non-independent directors, shall be asked to leave. The Chief Executive Officer shall not attend in-camera sessions of the Committee unless his/her presence is deemed appropriate for a portion of the in-camera session, after which the Chief Executive Officer will be requested to leave.

#### **6. Quorum**

- 6.1. A majority of members of the Committee, present in person, by teleconferencing, or by

videoconferencing, or by any combination of the foregoing, will constitute a quorum.

## **7. Removal and Vacancy**

- 7.1. A member may resign from the Committee, and may also be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director of the Company. The Board will fill vacancies in the Committee by appointment from among the directors in accordance with Section 2 of this Charter or as otherwise permissible under U.S. and Canadian securities laws. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all of the Committee's powers.

## **8. Authority**

- 8.1. The Committee may:
- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
  - (b) set and pay the compensation for any advisors employed by the Committee; and
  - (c) communicate directly with the internal and external auditors.
- 8.2. The Committee may also, within the scope of its responsibilities, seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice, and to ensure the attendance of Company officers at meetings as appropriate.

## **9. Secretary and Minutes**

- 9.1. The Chair of the Committee will appoint a member of the Committee or other person to act as Secretary of the Committee for purposes of a meeting of the Committee. The minutes of the Committee meetings shall be in writing and duly entered into the books of the Company, and will be circulated to all members of the Board.

## **10. Funding**

- 10.1. The Committee shall be provided with appropriate funding, as determined by the Committee, for payment of (a) compensation to any registered public accounting firm engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (b) compensation to any advisers employed by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carry out its duties.

**Last reviewed and approved by the Board on March 25, 2022.**