

# AUDIT AND CORPORATE GOVERNANCE COMMITTEE

OF INDUSTRIAS PEÑOLES, S.A.B. DE C. V.

Mexico City, February 17, 2016

Board of Directors  
Industrias Peñoles, S.A.B. de C.V.

**Dear Board Members:**

The members of the Audit and Corporate Governance Committee of Industrias Peñoles, S.A.B. de C.V. (the "Company"), have the pleasure to submit the annual report corresponding to the 2015 fiscal year, in accordance with Article 43 of the Securities Market Law.

The Committee approved the Internal Auditor's audit plan and reviewed his reports about the significant internal control items that arose during the execution of his annual audit plan, as well as those that were rectified during the year and those still unresolved. Similarly, the Committee analyzed the internal control items reported by the Company's External Auditor, and was informed about compliance with the Code of Conduct and complaints received through the anonymous whistleblower mechanism for reporting improper actions.

The Committee analyzed the Company's consolidated and separate financial statements prepared by management, as well as the External Auditors' opinion which was included in their report about the financial statements corresponding to the 2015 fiscal year. Based on that information and in accordance with Article 42, section II, subsection e) of the Securities Market Law, the Committee's opinion about the content of the Report from the Chief Executive Officer ("CEO") is that: (i) all accounting policies and criteria applied by the Company in the preparation of the financial information, as included in the corresponding report and reflected in the accompanying notes to the audited financial statements, are adequate and sufficient, taking in consideration the Company's specific circumstances; (ii) these accounting policies and criteria have been consistently applied within the information submitted by the Company's CEO, and (iii) as a result of sections "i" and "ii" above, the information submitted by the CEO reasonably reflects the financial position and results of the Company. As such, the Committee recommends the Board of Directors approve the consolidated and separate financial statements, as well as the accounting policies and criteria applied by the Company in the preparation of financial information.

The Committee evaluated the performance of the external audit firm which renders the services of external audit, any other additional services, as well as the services rendered by the External Auditor leading the audit, ensuring that all those services met the requirements necessary for performing the tasks entrusted to them and that the additional services rendered by the firm achieved the recognized purposes.

In accordance with the Certification issued by the Secretary of the Board of Directors, the Committee was informed that the resolutions from the Shareholders and from the Board of Directors corresponding to the 2015 fiscal year were duly executed and, moreover, that several proceedings of the Board of Directors' ordinary meetings included resolutions regarding the transactions and activities in which the Board participated pursuant to the provisions of the Securities Market Law. Additionally, this Certification ascertains that during said fiscal year, the Board of Directors did not grant waivers to Directors, Executive Officers or individuals with Power of Command, to take advantage of business opportunities for their own benefit or for that of third parties, related to the Company or to those entities controlled by it or in which the Company has a significant influence.

Furthermore, the Committee has no knowledge of any shareholder, Director, Executive Officer, employee and, in general, any third party, who has expressed any observation whatsoever regarding the Company's accounting, internal controls and matters related to the internal or external audit, or of any claims received during the 2015 fiscal year related to wrongdoings in management.

The Nomination, Compensation and Evaluation Committee of the Company ("NCEC") submitted a report to this Committee, by which the NCEC reported that during the 2015 fiscal year it analyzed the performance of the Executive Officers without any remarks, and that it examined the compensation and remuneration packages for the CEO and for the Executive Officers and that, upon the NCEC's opinion, those packages are in compliance with the policy approved by the Board of Directors.

According to information provided by management, the most significant transactions executed with related parties during the 2015 fiscal year correspond to, among others, the sale of metals, treatment fees, purchase of mineral concentrates and collection of royalties, all executed with the Company's subsidiaries, as well as with other companies in the holding group to which the Company belongs, thereby informing that such transactions were executed at market prices and that the Company obtained transfer pricing studies from external specialists for the majority of those transactions.

Under the unfortunate demise of Mr. Max Michel, Chairman of the Audit and Corporate Governance Committee, the remaining members thereof, sign this Annual Report, asserting that Mr. Michel attended all Committee's meetings held during the fiscal year reported hereby.



**Mr. Raúl Obregón del Corral**  
Audit and Corporate Governance  
Committee Industrias Peñoles,  
S.A.B. de C.V.



**Mr. Tomás Lozano Molina**  
Audit and Corporate Governance  
Committee Industrias Peñoles,  
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