



## STILLWATER MINING COMPANY

---

### Audit Committee Charter

As amended and restated on June 2, 2014

---

The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Stillwater Mining Company (the "Company").

#### **Purposes**

The primary purpose of the Committee is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company and its subsidiaries, including without limitation (1) assisting the Board's oversight of (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the Company's independent auditors' qualifications and independence, and (d) the performance of the Company's internal audit function and independent auditors, and (2) preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement.

#### **Composition**

The Committee shall be composed of at least three members of the Board who shall be selected by the Board, each to serve a one year renewable term expiring on the date of the annual meeting or upon appointment of their successors. Each Committee member shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE"), and any additional requirements that the Board deems appropriate. All members of the Committee shall be independent directors under the NYSE's Corporate Governance Standards and shall also satisfy the SEC's more rigorous independence requirements for members of an audit committee. The chairperson of the Committee shall be appointed by the Board.

The background of Committee members is to be compatible with the duties of the Committee. Each member of the Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the

Committee. In addition, at least one member of the Committee should have accounting or related financial management expertise, as such qualification is interpreted by the Board in its business judgment.

In accordance with disclosure requirements in the NYSE Corporate Governance Standards, in the event that a Committee member serves on the audit committee of more than three public companies, the Board must determine whether such simultaneous service impairs the ability to serve effectively on the Committee. Any such determination must be disclosed in the Company's annual proxy statement.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

### **Meetings and Procedures**

The Committee shall meet at least quarterly and at such other times as it deems necessary to fulfill its duties and responsibilities.

Meetings may be called by the Committee chairperson or by a majority of the Committee members.

A quorum for the transaction of business at any meeting of the Committee shall consist of a majority of the members, and the act of a majority of the Committee members present at any meeting at which a quorum is present shall be the act of the Committee.

Meetings shall be chaired by the Committee chairperson or, in the chairperson's absence, by a member chosen by the Committee from among themselves.

Notices of meetings, agendas and related materials shall be provided to the Committee members no later than the day prior to the meeting. However, it should be good practice to deliver the agenda and materials for consideration to the Committee members at least five working days prior to the meeting except in unusual circumstances.

Meetings may be conducted with members physically present, or present by telephone or other communication facilities that permit all persons participating in the meeting to hear or communicate with each other, and such participation shall constitute presence in person at such meeting.

The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee should meet separately on a periodic basis with (1) management, (2) the Company's internal auditing department or other person(s) responsible for the internal audit function, and (3) the Company's independent auditors, in each case to discuss any matters that the Committee or any of the above persons or firms believe warrant Committee attention.

A resolution consented to in writing (whether by document, e-mail, or other similar means) and signed by all Committee members who would be entitled to vote on that resolution at a meeting of the Committee shall be of the same effect as one passed at a Committee meeting.

The Committee shall maintain minutes of its meetings and records relating to those meetings.

### **Duties and Responsibilities**

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions. The following duties and responsibilities are within the authority of the Committee and the Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, the NYSE, or any other applicable regulatory authority:

### ***Selection, Evaluation and Oversight of the Auditors***

(1) Be directly responsible for the appointment (subject to shareholder ratification), compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for inclusion in the Company's Annual Report on Form 10-K is referred to herein as the "independent auditors");

(2) Verify, at least annually, that the independent auditors have registered with, are in compliance with the rules of, and are in good standing with the Public Company Accounting Oversight Board;

(3) Review and, in its sole discretion, approve in advance the Company's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in the Securities Exchange Act of 1934 (the "Act") and the SEC rules and regulations promulgated thereunder, all permitted non-audit engagements and relationships between the Company and such independent auditors (which approval should be made after receiving input from the Company's management, if desired). Approval of audit and permitted non-audit services will be made by the Committee or as otherwise provided for in the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy;

(4) Review the performance of the Company's independent auditors, including the lead partner of the independent auditors, and, in its sole discretion, make decisions regarding the replacement or termination of the independent auditors when circumstances warrant;

(5) Obtain, at least annually, from the Company's independent auditors and review a report describing:

- (a) the independent auditors' internal quality-control procedures;
- (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more

independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and

- (c) all relationships between the independent auditors and the Company (including a description of each category of services provided by the independent auditors to the Company and a list of the fees billed for each such category);

The Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner of the independent auditors, and its views on whether there should be a regular rotation of the independent auditors, to the Board;

(6) Evaluate the independence of the Company's independent auditors in accordance with the provisions of Regulation S-X and the NYSE Corporate Governance Standards by, among other things:

- (a) monitoring compliance by the Company's independent auditors with the audit partner rotation requirements contained in the Act and the rules and regulations promulgated by the SEC thereunder;
- (b) monitoring compliance by the Company of the employee conflict of interest requirements contained in the Act and the rules and regulations promulgated by the SEC thereunder; and
- (c) engaging in a dialogue with the independent auditors to confirm that audit partner compensation is consistent with applicable SEC rules;

(7) Set policies about the company's hiring of current or former employees of the independent auditor;

### ***Oversight of Annual Audit and Quarterly Reviews***

(8) Review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year;

(9) Review with management, the Company's independent auditors and the Company's internal auditing department or other person(s) responsible for the internal audit function, the following information which is required to be reported by the independent auditors:

- (a) all critical accounting policies and practices to be used;
- (b) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;

- (c) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences; and
- (d) any material financial arrangements of the Company which do not appear on the financial statements of the Company;

(10) Meet to review with management, the Company's independent auditors and, if appropriate, the Company's internal auditing department or other person(s) responsible for the internal audit function, the Company's annual audited financial statements and quarterly financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto;

(11) Review, on a regular basis, with the Company's independent auditors any problems or difficulties encountered by the independent auditors in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditors' activities or on access to requested information, and any significant disagreements with management. In connection therewith and without limitation, the Committee should review with the independent auditors the following:

- (a) any accounting adjustments that were noted or proposed by the independent auditors but were rejected by management (as immaterial or otherwise);
- (b) any communications between the audit team and the independent auditors' national office respecting auditing or accounting issues presented by the engagement; and
- (c) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company;

(12) Resolve all disagreements between the Company's independent auditors and management regarding financial reporting;

(13) Review with management, the Company's independent auditors and, if appropriate, the Company's internal auditing department or other person(s) responsible for the internal audit function, the following:

- (a) major issues regarding accounting principles and financial statements presentations, including any significant changes in the Company's selection or application of accounting principles;
- (b) any analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the Company's financial statements; and

- (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;

(14) Review the type and presentation of information to be included in the Company's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies (which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance);

### ***Oversight of the Financial Reporting Process and Internal Controls***

(15) Review and recommend to the Board for approval and inclusion in the annual report on Form 10-K the annual audited financial statements and the quarterly financial information on Form 10-Q;

(16) Authorize whenever the Committee deems necessary or appropriate the engagement of qualified independent contractors to perform internal audit services on behalf of the Company, including the scope, duration and cost of such engagements;

(17) Annually review and evaluate the internal audit function, including its staffing and performance, and make a determination of whether the internal auditor is independent of those functions being audited, and to review and evaluate the appropriateness of the internal audit plans for the year, including their scope, planning, and staffing;

(18) Consider and review with management:

- (a) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, compensation and staffing of the Company's internal audit function, through inquiry and discussions with the Company's independent auditors, management and the Company's internal auditing department or other person(s) responsible for the internal audit function; and
- (b) the yearly report prepared by management assessing the effectiveness of the Company's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company's Annual Report on Form 10-K;

(19) Review with the chief executive officer, chief financial officer and independent auditors, periodically, the following:

- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are

reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;

(20) Discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company, including the internal auditing department, assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;

(21) Review with management and the internal auditor the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, assign additional internal audit projects to the Company's internal auditing department or other person(s) responsible for the internal audit function;

(22) Review with management the Company's administrative, operational and accounting internal controls, including any special audit steps adopted in light of the discovery of material control deficiencies;

(23) Receive periodic reports from the Company's independent auditors, management and the Company's internal auditing department or other person(s) responsible for the internal audit function to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;

(24) Review and discuss with the independent auditors the results of the year-end audit of the Company, including any comments or recommendations of the Company's independent auditors;

### ***Miscellaneous***

(25) Establish and implement policies and procedures for the Committee's review and approval or disapproval of proposed transactions or courses of dealings with respect to which executive officers, directors and other persons with significant relationships to the Company, or members of their immediate families, have an interest (including all transactions required to be disclosed by Item 404(a) of Regulation S-K);

(26) Meet periodically with the Company's general counsel, and with outside counsel when appropriate, to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees or agents or breaches of fiduciary duty to the Company;

(27) Prepare the audit committee report required by Item 407(d)(3)(i) of Regulation S-K to be included in the Company's annual proxy statement;

(28) Review the Company's policies relating to the ethical handling of conflicts of interest and review past or proposed transactions between the Company and

members of management as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Company's independent auditors;

(29) Establish Whistleblower procedures for (i) the receipt, retention, review and treatment of information relating to fraud and complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(30) Ensure that the full Board annually reviews the proven and probable reserve calculations;

(31) Establish and maintain free and open means of communication between and among the Committee, the Company's independent auditors, the Company's internal auditing department and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis;

(32) Secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining, with or without Board approval, independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, the cost of such independent expert advisers to be borne by the Company;

(33) Report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function;

(34) Ensure that the independent auditors, internal auditors, and management have coordinated their audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources; and

(35) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

### **Evaluation of the Committee**

The Committee shall, on an annual basis, evaluate its performance. The evaluation shall address all matters that the Committee considers relevant to its performance, including a review and assessment of the adequacy of this Charter, and shall be conducted in such manner as the Committee deems appropriate.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter.

### **Investigations and Studies; Outside Advisers**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.

The Committee shall have the sole authority to retain and terminate any counsel or other advisers, including sole authority to approve fees and other retention terms.

\* \* \*

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (1) the integrity of those persons and organizations within and outside the Company from which it receives information, and (2) the accuracy of the financial and other information provided to the Committee, in either instance absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.