



## **BOARD OF DIRECTORS CHARTER**

**(revised November, 2016)**

### **A. PURPOSE**

The Board of Directors (the "Board") has the responsibility for the stewardship of the Company and to oversee the conduct of the business of the Company. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, ensuring that the Company meets its obligations on an ongoing basis and that the Company operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests of its other stakeholders, such as employees, customers and communities. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the organization.

### **B. COMPOSITION, PROCEDURES AND ORGANIZATION**

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the full Board and determining Director compensation. Subject to the Company's constating documents and the British Columbia *Business Corporations Act*, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

Directors are elected annually at the Company's annual meeting of shareholders and must meet the requirements of applicable corporate laws and the securities laws, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces and territories of Canada, and stock exchanges on which the Company's securities are listed, including without limitation the Toronto Stock Exchange and the Nasdaq Global Market ("Securities Laws"). The majority of the directors and the Chair shall be independent as determined by Applicable Laws.

Each director must be elected by a majority (50% +1 vote) of the votes cast with respect to his or her election other than at contested meeting. If a director is not elected by at least a majority (50% +1 vote) of the votes cast with respect to his or her election such director must immediately tender his or her resignation to the Board. The Board shall determine whether or not to accept the resignation within 90 days after the date of the relevant security holders' meeting. The Board shall accept the resignation absent exceptional circumstances and the resignation will be effective when so accepted by the Board. A director who tenders a resignation pursuant to this provision will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered.

The Board shall meet at least 4 times per year and may also hold additional meetings as considered necessary. The independent directors shall meet, without members of management, at each regularly scheduled meeting. The Board has developed a calendar of the activities to be undertaken by the Board for each meeting, attached as Appendix A.

### **C. OUTSIDE CONSULTANTS OR ADVISORS**

At the Company's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve a consultant's or advisor's fees and other retention terms.

### **D. DUTIES AND RESPONSIBILITIES**

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

#### **1. Legal Requirements**

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the statutory responsibility to:
  - (i) supervise the management of the business and affairs of the Company;
  - (ii) act honestly and in good faith with a view to the best interests of the Company;
  - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
  - (iv) act in accordance with its obligations contained in the British Columbia *Business Corporations Act* and the regulations thereto, the Company's constating documents, Securities Laws and other applicable laws and regulations (collectively "Applicable Laws").

#### **2. Independence**

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management.

#### **3. Strategy Determination**

The Board has the responsibility to:

- (a) participate with management, in the development of, and ultimately approve, the Company's strategic plan, taking into account, among other things, the opportunities and risks of the Company's business;
- (b) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;

- (c) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- (d) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (e) approve material divestitures and acquisitions;
- (f) monitor the Company's progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances;
- (g) conduct periodic reviews of human, technological and capital resources required to implement the Company's strategy and the regulatory, cultural or governmental constraints on the business; and
- (h) review, at every regularly scheduled Board meeting if feasible, recent developments that may affect the Company's strategy, and advise management on emerging trends and issues.

#### **4. Financial and Corporate Issues**

The Board has the responsibility:

- (a) to take reasonable steps to ensure the integrity and effectiveness of the Company's internal controls and management information systems, including the evaluation and assessment of information provided by management and others (e.g., internal and external auditors) about the integrity and effectiveness of the Company's internal controls and management information systems;
- (b) to review operating and financial performance relative to budgets and objectives;
- (c) to approve the interim and annual financial statements and notes thereto, management's discussion & analysis of financial condition and results of operations, the annual information form and the management information circular;
- (d) to approve the delegation of financial authority for budgeted and unbudgeted expenditures to the CEO;
- (e) upon recommendation by the Audit Committee and subject to confirmation by the shareholders of the Company at each annual meeting, to appoint the external auditors for the Company and upon recommendation by the Audit Committee, to approve the auditor's fees for audit and interim review services; and
- (f) to approve significant contracts, transactions, and other arrangements or commitments that may be expected to have a material impact on the Company.

**5. Managing Risk**

The Board has the responsibility to understand the principal risks of the business in which the Company is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company.

**6. Appointment, Training and Monitoring Senior Management**

The Board has the responsibility:

- (a) to appoint the CEO, to monitor and assess CEO performance against corporate and personal goals and objectives, to determine compensation for the CEO, considering the recommendations of the Compensation Committee, and to provide advice and counsel in the execution of the CEO's duties;
- (b) to approve certain decisions relating to senior officers, including:
  - (i) the appointment and discharge of senior officers;
  - (ii) compensation and benefits for senior officers;
  - (iii) acceptance by the CEO of any outside directorships on public companies or any significant public service commitments; and
  - (iv) employment, consulting, retirement and severance agreements, and other special arrangements proposed for senior officers;
- (c) to ensure that adequate provision has been made to train and develop management and for the orderly succession of the CEO and the other senior officers;
- (d) to the extent possible, to satisfy itself as to the integrity of the CEO and other senior officers and satisfy itself that the CEO and other senior officers are creating a culture of integrity throughout the Company.

**7. Policies, Procedures and Compliance**

The Board has the responsibility:

- (a) to ensure that the Company operates at all times within Applicable Laws and to the highest ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Company is operated;
- (c) to ensure the Company sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (d) to ensure the Company has in place appropriate programs and policies for the health, safety and security of its employees in the workplace; and

- (e) to review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

## **8. Governance**

The Board has the responsibility:

- (a) to appoint Board committees and delegate to those committees any appropriate powers of the Board;
- (b) to review the size and composition required of the Board and approve nominations for candidates for election to the Board, with a view to ensuring that the Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making;
- (c) to develop the Company's approach to corporate governance; and
- (d) to review annually its charter and its performance and the performance of the Board committees, the Chair of the Board and the Chair of the committees to ensure that the Board and the committees are operating effectively.

## **9. Reporting and Communication**

The Board has the responsibility:

- (a) to adopt a communication or disclosure policy for the Company and ensure that the Company has in place effective communication processes with shareholders and other stakeholders (including measures to enable stakeholders to communicate with the independent directors of the Board) and with financial, regulatory and other institutions and agencies;
- (b) to ensure that the financial performance of the Company is accurately reported to shareholders, other security holders and regulators on a timely and regular basis in accordance with Applicable Laws;
- (c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles and Applicable Laws;
- (d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Company;
- (e) to approve the content of the Company's major communications to shareholders and the investing public, including the interim and annual financial statements and management, discussion and analysis, the management information circular (including the compensation, discussion and analysis and disclosure of corporate governance practices), the annual information form, any prospectuses that may be issued, and any significant information respecting the Company contained in any documents incorporated by reference in any such prospectuses; and
- (f) to report to shareholders on its stewardship of the affairs of the Company for the preceding year.

## **E. INDIVIDUAL DIRECTORS**

Each Director (i) shall act honestly and in good faith in the best interests of the Company and its shareholders and (ii) must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, each Director shall have the following responsibilities:

### **1. Responsibilities of Corporate Stewardship**

Each Director has the responsibility to:

- (a) represent the best interests of the Company and its shareholders, assist in the maximization of shareholder value and work towards the long-term success of the Company;
- (b) advance the interests of the Company and the effectiveness of the Board by bringing his or her knowledge and experience to bear on the strategic and operational issues facing the Company;
- (c) provide constructive counsel to and oversight of management;
- (d) respect the confidentiality of information and matters pertaining to the Company;
- (e) maintain his or her independence, generally and as defined under Applicable Laws;
- (f) be available as a resource to the Board; and
- (g) fulfill the legal requirements and obligations of a director and develop a comprehensive understanding of the statutory and fiduciary roles of a director.

### **2. Responsibilities of Integrity and Loyalty**

Each Director has the responsibility to:

- (a) comply with the Company's governance policies;
- (b) disclose to the Corporate Secretary, prior to the beginning of his or her service on the Board, and thereafter as they arise, all actual and potential conflicts of interest; and
- (c) disclose to the Chair of the Board, in advance of any Board vote or discussion, if the Board or a committee of the Board is deliberating on a matter that may affect the Director's interests or relationships outside the Company and abstain from discussion and/or voting on such matter as determined to be appropriate.

### **3. Responsibilities of Diligence**

Each Director has the responsibility to:

- (a) prepare for each Board and committee meeting by reading the reports, minutes and background materials provided for the meeting;

(b) attend in person the annual meeting of the Company and attend all meetings of the Board and all meetings of committees of the Board of which the Director is a member, in person or by telephone, video conference, or other communication facilities that permit all persons participating in the meeting to communicate with each other; and

(c) as necessary and appropriate, communicate with the Chair and with the President and CEO between meetings, including to provide advance notice of the Director's intention to introduce significant and previously unknown information at a Board meeting.

#### **4. Responsibilities of Effective Communication**

Each Director has the responsibility to:

- (a) participate fully and frankly in the deliberations and discussions of the Board;
- (b) encourage free and open discussion of the Company's affairs by the Board;
- (c) establish an effective, independent and respected presence and a collegial relationship with other Directors;
- (d) focus inquiries on issues related to strategy, policy, and results;
- (e) respect the CEO's role as the chief spokesperson for the Company and participate in external communications only at the request of, with the approval of, and in coordination with, the Chair and the CEO;
- (f) communicate with the Chair and other Directors between meetings when appropriate;
- (g) maintain an inquisitive attitude and strive to raise questions in an appropriate manner and at proper times; and
- (h) think, speak and act in a reasoned, independent manner.

#### **5. Responsibilities of Committee Work**

Each Director has the responsibility to:

- (a) participate on committees and become knowledgeable about the purpose and goals of each committee; and
- (b) understand the process of committee work and the role of management and staff supporting the committee.

#### **6. Responsibilities of Knowledge Acquisition**

Each Director has the responsibility to:

- (a) become generally knowledgeable about the Company's business and its industry;

- (b) participate in Director orientation and education programs developed by the Company or other relevant organizations from time to time;
- (c) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Company operates;
- (d) become acquainted with the senior officers and key management personnel; and
- (e) gain and update his or her knowledge about the Company's facilities and visit these facilities when appropriate.

## **F. BOARD CHAIR**

### **1. Appointment of Chair**

The Chair shall be appointed annually by the Board and shall have such skills and abilities appropriate to the appointment of Chair as shall be determined by the Board. The Chair shall be a duly elected member of the Board and shall, unless otherwise considered desirable and approved by the Board, be independent as defined under Securities Laws. Where a vacancy occurs at any time in the position of Chair, it shall be filled by the Board. The Board may remove and replace the Chair at any time.

### **2. Outside Consultants or Advisors**

The Chair, when he or she considers it necessary or desirable, may retain, at the Company's expense, outside consultants or advisors to advise the Chair or the Board independently on any matter. The Chair shall have the authority to retain and terminate any such consultants or advisors, including authority to review the fees and other retention terms of such persons.

### **3. Duties**

The Chair is accountable to the Board and shall have the duties of a member of the Board as set out in Applicable Laws and in the Company's constituting documents. The Chair is responsible for the management, development and effective performance of the Board and leads the Board to ensure that it fulfills its duties as required by Applicable Laws and as set out in these terms of reference. In particular, the Chair shall:

- (a) organize the Board to function independently of management;
- (b) promote ethical and responsible decision making, appropriate oversight of management and best practices in corporate governance;
- (c) ensure the Board has the opportunity to meet without members of management present on a regular basis;
- (d) determine, in consultation with the Board and management, the time and places of the meetings of the Board and of the annual meeting of shareholders;
- (e) manage the affairs of the Board, including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities;



- (f) co-ordinate with management and the Corporate Secretary to ensure that matters to be considered by the Board are properly presented and given the appropriate opportunity for discussion;
- (g) provide advice, counsel and mentorship to other members of the Board, the CEO and other senior officers;
- (h) preside as chair of each meeting of the Board;
- (i) preside as chair of each meeting of the shareholders of the Company;
- (j) communicate with all members of the Board to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Board and its committees as well as to keep members up to date on all major developments concerning the Company; and
- (k) ensure the Company, and where appropriate the Board, is adequately represented at official functions and meetings with major shareholder groups, other stakeholders, financial analysts, media and the investment community.

## **G. COMMITTEE CHAIRS**

### **1. Appointment**

The Chair of each Committee shall be appointed annually by the Board. Each Committee Chair shall be a duly elected member of the Board and independent as determined pursuant to Securities Laws. Where a vacancy occurs at any time in the position of a Committee Chair, it shall be filled by the Board. The Board may remove and replace a Committee Chair at any time.

### **2. Duties**

The Chair of a Committee shall lead and oversee the Committee to ensure it fulfills its mandate as set out in its terms of reference. In particular, the Chair shall:

- (a) organize the Committee to function independently of management;
- (b) ensure that the Committee has an opportunity to meet without members of management present at regular intervals;
- (c) determine, in consultation with the Committee and management, the time and places of the meetings of the Committee;
- (d) manage the affairs of the Committee, including ensuring that the Committee is organized properly, functions effectively and meets its obligations and responsibilities;
- (e) co-ordinate with management and the secretary to the Committee to ensure that matters to be considered by the Committee are properly presented and given the appropriate opportunity for discussion;
- (f) provide advice and counsel to the CEO and other senior officers in the areas covered by the Committee's mandate;

- (g) preside as chair of each meeting of the Committee; and
- (h) communicate with all members of the Committee to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Committee.

## APPENDIX A

### BOARD OF DIRECTORS - CALENDAR OF ACTIVITIES (revised November, 2014)

Description of Activity	Feb/March	May	Aug	Nov	Dec	To be Determined/As Needed
<u>At each meeting:</u> Approve minutes of last meeting Review action items President's report Operations update <ul style="list-style-type: none"> <li>• Pirquitas</li> <li>• Marigold</li> <li>• Seabee</li> <li>• Exploration</li> </ul> Financial update <ul style="list-style-type: none"> <li>• Liquidity update</li> <li>• Review of results to budget</li> <li>• Forecast</li> </ul> Audit Committee report <ul style="list-style-type: none"> <li>• Approval of annual/interim financial statements, MD&amp;A and press release</li> </ul> Strategic discussion <ul style="list-style-type: none"> <li>• Projects</li> <li>• M&amp;A</li> </ul> Investor Relations report Legal report	X	X	X	X		

Description of Activity	Feb/March	May	Aug	Nov	Dec	To be Determined/As Needed
<ul style="list-style-type: none"> <li>• Compensation Committee</li> <li>• Corporate Governance and Nominating Committee</li> <li>• Safety and Sustainability Committee</li> </ul> In-camera session						
Approve performance on prior year's corporate objectives						
Review of CEO Performance and approval of compensation for CEO and senior officers: <ul style="list-style-type: none"> <li>• Salary recommendations</li> <li>• Prior year STIP payments</li> </ul>	X					
Approve option grants to mid-management	X					
Approve individual objectives for CEO and senior officers	X					
Annual meeting matters: <ul style="list-style-type: none"> <li>• Director nominations</li> <li>• Independence of directors</li> <li>• Qualifications of Audit Committee members</li> <li>• Qualifications of Compensation Committee members</li> <li>• Appointment of auditors</li> <li>• Approval of proxy circular</li> </ul>	X					
Approval of annual information form/Form 40F and Annual Report	X					
Approval of meeting dates for following year		X				

Description of Activity	Feb/March	May	Aug	Nov	Dec	To be Determined/ As Needed
Appointment of senior officers		X				
Approval of Committee memberships and Chairs		X				
Approval/review of strategic plan (separate strategy session)		X				
Receive report on management succession/talent development plans		X				
Receive report on Board and Committee self-evaluations			X			
Review of Board Charter and calendar of activities				X		
Approve current year audit fees and interim review fees for ensuing year				X		
Approve director compensation changes, if any				X		
Review 5 year outlook					X	
Review of enterprise risk management					X	
Approval of annual operating and capital budgets					X	
Approval of corporate objectives for following year					X	
Approve annual LTIP grants					X	
Approval of annual meeting date and record date					X	
Approval of related person transactions						X