

## **MANDATE OF THE BOARD OF DIRECTORS**

The board of directors (the “Board”) of St Andrew Goldfields Ltd. (the “Company”) believes that the appropriate mix of skills, experience, age and gender will help to enhance its performance. The Board’s composition should reflect business experience compatible with the Company’s business objectives.

### **Composition**

The Board shall be comprised of at least five directors, a majority of whom are independent<sup>1</sup>. A majority of the directors of the Company (or such lesser percentage as may be permitted by the *Business Corporations Act* (Ontario) and the bylaws of the Company) shall be resident Canadians. The Chair of the Board shall be an independent director.

### **Meetings**

The Board shall meet at least four times annually in person, or more frequently, as circumstances dictate. In addition, the Board shall hold separate, regularly scheduled meetings of independent directors at which members of management are not present.

### **Position Descriptions**

The Board shall develop clear position descriptions for the Chair of the Board and the Chair of each Board committee. Additionally, the Board, together with the Chief Executive Officer (“CEO”), shall develop a clear position description for the CEO, which includes defining management’s responsibilities. The Board shall also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.

### **Expectations of Directors**

Directors should be loyal to the Company and exercise the care, diligence and skill in their dealings on behalf of the Company that a reasonably prudent person would exercise. They must have adequate time available to serve on the Board. Full Board attendance and active participation in Board meetings is critical to the ongoing performance of the Board. It is therefore expected that Directors will make every effort to attend all Board meetings and to review meeting materials in advance of Board meetings.

Qualities generally sought in Board members include integrity, a track record of business success, leadership, fairness, decisiveness, and an active and committed interest in the work of a director.

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<sup>1</sup> For the definition of **independent**, please see the Glossary of Terms.

While each new Director will be appointed on his or her merits and with consideration for the needs of the Company, the Board will give due consideration to the principle that former accounting professionals who provided services to the Company should not be nominated for at least 3 years after leaving their employment with the Company.

### ***Measures for Receiving Feedback from Securityholders***

Any shareholder wishing to provide feedback to the independent directors of the Board may do so by contacting the Chair of the Audit Committee. Contact information for the Chair of the Audit Committee shall be maintained on the Company's website and set forth in appropriate documentation circulated to securityholders from time to time or set forth in other public information releases. The Board will make every effort to provide a response, if applicable, within a reasonable time frame, but in any event, within one month of receipt of such feedback.

### **Mandate**

The Board is elected by the shareholders and represents all shareholders' interests in continuously creating shareholder value. The following is the mandate of the Board.

- Advocate and support the best interests of the Company.
- Satisfy itself, to the extent feasible, (i) as to the integrity of the CEO and the other executive officers, and (ii) that the CEO and the other executive officers create a culture of integrity throughout the Company.
- Adopt a strategic planning process and approve, at least annually, a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business.
- Review whether specific and relevant corporate measurements are developed and adequate internal control and management information systems are in place.
- Identify the principal risks of the Company's business and pursue the implementation by management of appropriate systems to manage such risks.
- Put in place and maintain a succession plan (including the appointment, training and monitoring of senior management).
- Provide new directors with a comprehensive orientation, and provide all directors with continuing education opportunities.
- Monitor progress and efficiency of strategic, business, and capital plans and require appropriate action to be taken when performance falls short of goals.
- Review measures implemented and maintained by the Company to ensure compliance with statutory and regulatory requirements.
- Annually review appropriate senior management compensation programs.
- Adopt a disclosure policy and monitor the practices of management against the Company's disclosure policy to ensure appropriate and timely communication to shareholders of material information concerning the Company.

- Assume responsibility for monitoring compliance with the Company's Code of Conduct, and where a director or executive officer materially departs from such Code, the Board shall ensure that a material change report providing details of the departure is prepared and filed.
- Monitor safety and environmental programs.
- Approve selection criteria for new candidates for directorship.
- Assure shareholders of conformity with applicable statutes, regulations and standards (for example, environmental risks and liabilities, and conformity with financial statements).
- Regularly conduct assessments of the effectiveness of the Board and Board committees, as well as the effectiveness and contribution of each individual director.
- Establish the necessary committees to assist in monitoring the affairs of the Company.
- Provide advice to and act as a sounding board for the President and CEO.
- Discharge such other duties as may be required in the good stewardship of the Company.

In addressing its mandate, the Board assumes responsibility for the following approvals:

*Financial Approvals:*

- Strategic plan
- Annual business and capital plans
- Annual financial statements and auditors' report
- Quarterly earnings and press release
- Budgeted capital expenditures
- Unbudgeted capital expenditures in excess of \$2 million
- Acquisitions/divestitures
- Significant financing or refinancing opportunities
- Dividend policy
- Share re-purchase programs
- Individual operating, real property or capital leases having total commitment in excess of \$2 million

*Human Resources Approvals:*

- Appointment/succession/dismissal of President and CEO
- \* - Evaluation and compensation of President and CEO
- \* - Executive compensation arrangements and incentive plans

*Administration and Compliance Approvals:*

- Appointment of Board Committees and their Chairs
  - \* - Nomination of Directors
  - \* - Recommendation of Auditors to the Shareholders
  - Proxy circular
  - Appointment of Chair
  - \* - Major policies
  - Procedures for issuance of press releases
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- \* Board may delegate to committees