

# PREMIER GOLD MINES LIMITED

## Mandate of the Board of Directors

### Purpose

The Board of Directors (the "**Board**") of Premier Gold Mines Limited (the "**Corporation**") is responsible for the supervision of the management of the business and affairs of the Corporation. The Board should conduct the procedures, and manage the responsibilities and obligations set out below, either directly or through committees of the Board, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Safety, Health and Environmental Affairs Committee.

### Composition

1. The Board should consist of individuals who possess skills and competencies in areas that are relevant to the business and affairs of the Corporation. At least a majority of the directors will be "independent" directors within the meaning of applicable securities laws, instruments, rules and policies and regulatory requirements (collectively "**Applicable Laws**").
2. The directors of the Corporation will be elected at the annual meeting of the shareholders of the Corporation and shall serve no longer than the close of the next annual meeting of shareholders, subject to re-election thereat.

### Meetings

3. The Board shall have at least four regularly scheduled meetings in each financial year of the Corporation, with at least two such meetings being in person.
4. The Chairman, the Chief Executive Officer (the "**CEO**") and the Lead Director, if any, are responsible for the agenda for each meeting of the Board. Prior to each Board meeting, the Chairman and the CEO should discuss agenda items for the meeting with the Lead Director, if any. Materials for each meeting should be distributed to the Board in advance of the meeting.
5. Directors are expected to attend at least three quarters of all meetings of the Board held in a given financial year of the Corporation and to adequately review meeting materials in advance of each meeting.
6. The independent directors (in this context meaning directors who are not also senior officers and, if not independent within the meaning of Applicable Laws, the Chairman) should hold an *in camera* session without the non-independent directors present at each meeting of the Board. The Chairman, if independent, and if not independent, the Lead Director if any, should chair the in camera sessions.

### Board Committees

7. The Board may appoint such committees from time to time as it considers appropriate. Each permanent committee shall have a mandate that is approved by the Board setting out the responsibilities of, and the extent of the powers delegated to, such committee by the Board.

## **Responsibilities**

### ***Oversight of Management and the Board***

8. The Board is responsible for the appointment, and replacement, of senior officers of the Corporation. The Board should ensure that appropriate succession planning, including the appointment, training and monitoring of the senior officers and members of the Board, is in place.
9. The Board is responsible for satisfying itself as to the integrity of the CEO and the other senior officers and that the CEO and the other senior officers create a culture of integrity throughout the Corporation.
10. The Board should annually consider what additional skills and competencies would be helpful to the Board, with the Corporate Governance and Nominating Committee being responsible for identifying specific candidates for consideration for appointment to the Board.
11. Through the Compensation Committee, the Board should review the compensation of directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and should review the compensation of the senior officers to ensure that it is competitive within the industry and that the form of compensation aligns the interests of each senior officer with those of the Corporation.

### ***Financial Matters***

12. The Board is responsible for reviewing the financial and underlying operational performance of the Corporation.
13. The Board should review and approve the annual financial statements, management's discussion and analysis related to such annual financial statements, budgets and forecasts, and the annual information form, management information circular and annual report, of the Corporation.
14. The Board, primarily through the Audit Committee, should monitor and ensure the integrity of the internal controls and procedures (including adequate management information systems) within the Corporation and the financial reporting procedures of the Corporation.
15. The Board is responsible for considering, and if established, reviewing from time to time, a dividend policy for the Corporation.

### ***Business Strategy***

16. The Board has primary responsibility for the adoption of the strategic direction of the Corporation. The Board will contribute to the development of the strategic direction by approving, at least annually, a strategic plan and budget developed and proposed by the senior officers, subject to any changes required by the Board. The strategic plan and budget should take into account the business opportunities and business risks of the Corporation. The Board will review with the senior officers from time to time the strategic planning environment, the

emergence of new opportunities, trends and risks and the implications of these factors on the strategic direction of the Corporation. The Board will review and approve the financial objectives, plans and actions of the Corporation, including significant capital allocations and expenditures.

17. The Board is responsible for ensuring that procedures are in place to appropriately manage the principal business risks of the Corporation.
18. The Board should monitor corporate performance against the approved strategic plan and budget, including assessing operating results, to evaluate whether the business is being appropriately managed.
19. The Board is responsible for reviewing and approving all material transactions not contemplated in the strategic plan and budget approved by the Board affecting the Corporation, all transactions having a value in excess of \$200,000 not in the ordinary course of business (unless contemplated in the strategic plan and budget approved by the Board) and all related party transactions (within the meaning of Applicable Laws) involving the Corporation which are presented to the Board.

#### ***Communications and Reporting to Shareholders***

20. The Board is responsible for overseeing the continuous disclosure program of the Corporation with a view to satisfying itself that procedures are in place to ensure that material information is disclosed in a timely fashion.
21. The Board will ensure that the Corporation has a disclosure policy which includes a framework for investor relations and public disclosure.

#### ***Corporate Governance***

22. The Corporate Governance and Nominating Committee will recommend, and the Board will establish, the Board's approach to corporate governance.
23. The Board is responsible for assessing its own effectiveness in fulfilling this mandate and shall assess this mandate as well as the mandate of each committee (considering, among other things, the recommendation of the applicable committee) from time to time and at least annually.
24. The Board is responsible for evaluating the relevant relationships of each independent director and is required to make an affirmative decision that any such relationship does not preclude a determination that the director is independent within the meaning of Applicable Laws.
25. The Board is responsible for ensuring the establishment of appropriate standards of corporate conduct, should adopt a corporate code of conduct for all employees, including senior officers, and should ensure that procedures are in place to monitor compliance with such code. Only the Board may grant waivers of the code of conduct which would be to the benefit of any director or senior officer.

## **General**

26. The Board is responsible for performing such other functions as are prescribed by law, including all Applicable Laws.
27. The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Corporate Governance and Nominating Committee, retain an outside financial, legal or other advisor at the expense of the Corporation.

## **Lead Director**

28. The Board will appoint a Lead Director in circumstances in which the Chairman of the Board is not considered independent under Applicable Laws in order to provide independent leadership to the Board and for the other purposes set forth below.
29. If a Lead Director is required, the Corporate Governance and Nominating Committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for appointing the Lead Director.
30. The Lead Director, if any, will serve at the pleasure of the Board.
31. The Lead Director, if any, will provide independent leadership to the Board and will facilitate the functioning of the Board independently of the senior officers and the Chairman.
32. The Lead Director, if any, will:
  - (a) in the absence of the Chairman, act as chair of meetings of the Board;
  - (b) review with the Chairman and the CEO matters for presentation to the Board;
  - (c) consult and meet with any or all of the other independent directors, at the request of any of them and with or without the attendance of the Chairman, and represent such directors in discussions with the senior officers and Chairman concerning corporate governance and other matters;
  - (d) together with the Chairman and the CEO, ensure that all required matters are presented to the Board, such that the Board is able to supervise the management of the business and affairs of the Corporation;
  - (e) together with the Chairman and the Chair of the Corporate Governance and Nominating Committee, ensure that the Board, the committees of the Board, individual directors and the senior officers understand and discharge their obligations under the approach to corporate governance established by the Board from time to time;
  - (f) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
  - (g) facilitate the process of conducting director evaluations;

- (h) promote best practices and high standards of corporate governance; and
- (i) perform such other responsibilities and obligations as may be delegated to the Lead Director, if any, by the Board from time to time.

**Feedback**

33. The Board welcomes input and comments from shareholders of the Corporation relating to this mandate. Such input and comments may be sent to the Board at the address of the Corporation.

Approved: March 9, 2011