



## Board Charter

## 1 ROLE OF THE BOARD

This Board charter (**Board Charter**) sets out the principles for the operation of the board of directors (**Board**) of the **Company** and describes the functions of the Board, and those functions delegated to management of the Company.

The Board has primary responsibility to shareholders for the welfare of the Company and is responsible for guiding and monitoring the business and the affairs of the Company. The Board participates with management in setting policies, goals, strategies and performance targets for the Company to meet both commercial and community expectations.

The Company recognises the importance of the Board in providing a sound base for good corporate governance relating to the operations of the Company. The Board must at all times act honestly, in good faith and diligently in all respects in accordance with the laws applicable to the Company. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Board will at all times, act in accordance with all Company policies in force from time to time, and in the best interests of the Company as a whole.

This Board Charter and the various complementary policies adopted by the Board have been prepared and adopted on the basis that there is an acknowledgment that good governance and good governance procedures add to the performance of the Company.

## 2 RESPONSIBILITIES OF THE BOARD

One of the key ways the Board adds value to the Company is by selecting the right chief executive officer (“**CEO**”) for the Company and satisfying itself as to the integrity of the CEO and other executive officers. Beyond this the Board will ensure that the Company has in place appropriate processes for risk assessment, management and internal control and monitoring performance against agreed benchmarks. The Board will work with senior management as collaborators in order to advance the interests and performance of the Company, and to create a culture of integrity throughout the organisation.

This Board Charter delegates certain authority to specified managers and recognises that once delegated, management needs to be free to manage. However, the Board will not blindly accept management’s views, and, will test and question management’s assertions, monitor progress, evaluate management’s performance and will, where warranted, take corrective action.

### 2.1 The Board

The Board is responsible for governing the affairs of the Company, including:

- (a) ensuring enduring value is created;
- (b) improving the performance of the Company through its financial and strategic objectives;
- (c) periodically determining the Company’s appetite for risk in response to market conditions, and overall performance of the Company;
- (d) monitoring the Company’s performance, ensuring that performance is in the shareholders’ interests and meets agreed goals and objectives;
- (e) making available to management the resources required to achieve the strategic objectives;
- (f) evaluating, approving and monitoring the Company’s strategic and financial plans, including assessment of the opportunities and risks of the Company’s business;
- (g) evaluating, approving and monitoring the Company’s annual budgets and business plans;

- (h) evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of the Company's securities;
- (i) approving all financial reports, material reporting and external communications by the Company in accordance with the Company's Shareholder Communications Policy; and
- (j) appointing management to oversee and carry out the day to day functions of the Company; and
- (k) ensuring that the Company adheres to the Listing Rules of the Stock Exchange(s) on which it is listed and concurs with all other regulatory requirements in those jurisdictions.

## **2.2 Executive management**

The Board's responsibilities in relation to executive management include:

- (a) Appointing, monitoring, managing the performance of, and if necessary terminating (the employment of) the CEO. Consistent with the obligation to monitor the CEO, the Board has identified the role and responsibilities of the CEO as described in section 4.4 and 4.5. The Board will periodically consider this job description and the CEO's authorities and accountabilities, as well as performance indicators to establish monitoring benchmarks.
- (b) Managing succession planning for the position of CEO, chief financial officer ("CFO") and chief operating officer ("COO"). It is envisaged that this would involve working with the CEO to identify the requirements for critical positions and individuals who can fill those positions on both an emergency basis and over the longer term.
- (c) Overseeing and ratifying the appointment and termination (of employment) of the CEO and CFO.

## **2.3 Risk management**

The Board's risk management responsibilities include:

- (a) Approving and monitoring the Company's performance in relation to principles of best practice corporate governance.
- (b) Approving and monitoring the Company's risk management framework, systems and processes.
- (c) Approving and monitoring compliance with the Company's key corporate policies and protocols.
- (d) Monitoring the Company's operations in relation to, and compliance with relevant regulatory requirements.

## **2.4 Guidelines for risk management and strategic planning**

- (a) The Board will be actively and regularly involved in risk management and strategic planning. The Board intends that these functions will be closely integrated. Strategic planning will be based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing. The Board recognises that strategic planning is an ongoing process that must be responsive to changes in the external environment and internal developments.
- (b) The Board's involvement in strategic planning and the monitoring of risks does not mean the Board intends to manage the business, but it recognises the Board is responsible for overseeing management and holding it to account.
- (c) The Board will oversee the process that management has in place to identify business opportunities and risks.

- (d) The Board will consider the extent and types of risk that are acceptable for the Company to bear.
- (e) The Board will monitor management's systems and processes for managing a broad range of business risks.
- (f) The Board will, on an ongoing basis, review with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.
- (g) The Board intends to benchmark its activities regarding corporate governance against the following criteria for ongoing assessment:

<b>Identification</b>	Clarify the Company's core values and strategic direction and identify these clearly.
<b>Analysis</b>	Examine the core values and develop a model for identifying events within the organisation that could adversely impact on the core values.
<b>Assessment</b>	<p>Allocate priorities to the risk rated items and integrate these items within the existing (and/or contemplated) operational plans and structures including by reference to the following areas of opportunity/risk:</p> <ul style="list-style-type: none"> <li>(a) <b>Strategic:</b> market conditions, new competitors, political/regulatory environment.</li> <li>(b) <b>Operational:</b> business processes, technology, human resources, business interruption, environmental issues, health and safety issues, crisis management.</li> <li>(c) <b>Leadership:</b> ability to innovate and motivate throughout the organisation, choice of CEO.</li> <li>(d) <b>Partnership:</b> ability to choose appropriate alliances, partnerships and make them work well.</li> <li>(e) <b>Reputation:</b> quality of products and services, consumer advocacy, public perceptions, illegal or unethical conduct, fraud.</li> </ul>
<b>Treatment</b>	<p>Develop a scheme for integrating the outcomes within the organisational structure and delegations of authority to ensure responsibilities are matched with the necessary authority and appreciation of the core values.</p> <p>This involves the development of training programs to foster the core values throughout the Company. This means for instance that every person dealing with the investment community appreciates the importance of ensuring that material or price sensitive information is not disclosed to investors if it is not publicly available.</p>
<b>Ongoing monitoring</b>	This is an essential element of the Company's program and includes an active program of continuous improvement, including keeping up to date on best practice, fostering a compliance culture, training and recognition.

## 2.5 Reporting

The Board has the following responsibilities:

- (a) the implementation of the Investor Relations Policy in its reporting of relevant matters to its stakeholders.
- (b) ensuring that the financial performance of the Company is reported to shareholders in a timely, regular and non-selective basis in accordance with the requirements of the various jurisdictions in which the Company operates.

- (c) ensuring that the financial results are reported fairly, and in accordance with generally accepted accounting principles and international financial reporting standards.
- (d) timely and non-selective reporting of any other developments that have a significant and material impact on the value of the Company.
- (e) approving any payment of dividends to shareholders.
- (f) the Board will supervise the public disclosure of all material matters in compliance with stock exchange rules and standards prescribed by the regulators in relevant jurisdictions.

### **3 STRUCTURE OF THE BOARD**

The Board will aim to comprise a majority of non-executive directors. The Board will be of such size and competence necessary to understand properly and deal with the current and emerging issues of the business of the Company. The current composition of the Board reflects the need for particular skills and abilities around the Board table and the desire to maintain the Board at an efficient and economic size. The Board shall be comprised of that number of Directors as shall be determined from time to time by the Board, in accordance with the Company's articles and applicable laws.

The directors will appoint as chairman of the Board, one of the non-executive directors who is independent.

The directors may also appoint one of the independent non-executive directors as lead director of the Board.

Each director is bound by all Company charters, policies and codes of conduct, including without limitation the Company's:

- (a) Securities Trading Policy;
- (b) Code of Conduct; and
- (c) Continuous Disclosure Policy.

The Board has delegated carriage of the operation and management of the Company's business to the CEO, and to appropriate members of the senior management group.

The Board will approve and monitor delegations of authority from the CEO to senior management.

This Board Charter is designed to facilitate a mature and constructive relationship with the Company's management – one that is grounded in a mutual understanding of their respective roles and the ability of the Board to act independently in fulfilling its responsibilities.

## **4 STATEMENT OF THE DIVISION OF AUTHORITY BETWEEN THE CHAIRMAN AND CEO**

### **4.1 Objective**

Consistent with its commitment to best practice corporate governance, the Company recognises the importance of the office of chairman and the office of CEO.

The Company recognises that it is important that the chairman and the CEO have defined roles in the organisation and function in accordance with clear functional lines.

## 4.2 Appointment of chairman

The Board has resolved to appoint a chairman and may determine the period of office. The chairman in place from time to time will be selected on the basis of relevant experience, skill and leadership abilities that the Board recognises from time to time. The Board at the first Board meeting following each annual general meeting will consider the position of chairman. It is envisaged that the normal term for a chairman will be a period of five years subject to satisfactory performance and re-election by shareholders to the Board.

## 4.3 Specific duties of the chairman

The chairman will:

- (a) chair board meetings;
- (b) establish the agenda for board meetings, in consultation with the CEO and company secretary;
- (c) chair meetings of members, including the annual general meeting;
- (d) be the primary spokesperson for the Company at the annual general meeting. The chairman and the CEO will agree between themselves as to their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;
- (e) in consultation with the CEO, approve or delegate authority for the approval of all material to be submitted to or filed with the relevant securities regulatory authority or exchange, and other investor and shareholder releases;
- (f) be the primary channel of communication and point of contact between the Board (and the directors) and the CEO;
- (g) be kept fully informed by the CEO of all material matters which may be relevant to directors, in their capacity as directors;
- (h) in conjunction with the CEO and other appropriate members of senior management, review all matters material to the interests of the Company;
- (i) provide guidance and mentoring to the CEO;
- (j) chair the CEO evaluation process through the Remuneration, People and Culture Committee; and
- (k) ensure the periodic process of Board evaluation is conducted.

## 4.4 Appointment of lead director

The Board has resolved to appoint a lead director and may determine the period of office. The lead director in place from time to time will be selected on the basis of relevant experience, skill and leadership abilities that the Board recognises from time to time. The Board at the first Board meeting following each annual general meeting will consider the position of lead director. It is envisaged that the normal term for a lead director will be a period of five years subject to satisfactory performance and re-election by shareholders to the Board.

## 4.5 Specific duties of the lead director

The lead director will:

- (a) enhance the ability of the Board to act independently of management;
- (b) when appropriate, call and chair meetings of the independent Directors, so as to ensure that said directors have adequate opportunities to discuss issues affecting shareholders, and

serve as the spokesperson for the independent directors in subsequent communications with related parties;

- (c) review conflict of interest issues with respect to the Board as they may arise;
- (d) act as a liaison between the chairman and the independent directors on sensitive issues;
- (e) in collaboration with the chairman, provide guidance so as to ensure the Board successfully carries out its duties; and
- (f) perform any additional duties as requested by the Board.

#### **4.6 Role and responsibilities of the CEO**

The CEO has primary responsibility to the Board for the affairs of the Company.

The Board appoints the CEO to manage the business on behalf of it (and shareholders) and must delegate sufficient powers to allow him or her to manage effectively. The CEO must carry out the objectives of the Board in accordance with its instructions, and report to the Board all matters the CEO reasonably considers to be material to the affairs of the Company.

#### **4.7 Specific duties of the CEO**

The CEO will:

- (a) develop with the Board, implement and monitor the strategic and financial plans for the Company;
- (b) develop, implement and monitor the annual budgets and business plans;
- (c) develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosures, in accordance with the Company's Shareholder Communications Policy.
- (d) manage the appointment of the CFO, the general counsel and company secretary and any other specific senior management positions;
- (e) develop, implement and monitor the Company's risk management framework;
- (f) consult with the chairman and the company secretary in relation to establishing the agenda for Board meetings;
- (g) agree with the chairman their respective roles in relation to all meetings (formal and informal) with shareholders and all public relations activities;
- (h) in consultation with the chairman, the Company Secretary, or both, approve or delegate authority for the approval of all material press releases, and other investor and shareholder releases. The chairman may choose to refer any particular issue to other directors;
- (i) be the primary channel of communication and point of contact between the executive staff and the Board (and the directors);
- (j) keep the chairman fully informed of all material matters which may be relevant to the Board, in their capacity as directors;
- (k) in conjunction with the chairman and other appropriate members of senior management, review all matters material to the interests of the Company;
- (l) provide strong leadership to, and effective management of, the Company in order to:
  - (i) encourage cooperation and teamwork;
  - (ii) build and maintain staff morale at a high level;
  - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;

- (m) ensure a safe workplace for all personnel;
- (n) ensure that the Company has regard to the interests of employees of the company and the community and environment in which the company operates; and
- (o) otherwise carry out the day-to-day management of the Company.

#### **4.8 Limitations on delegated authority of the CEO**

The delegation of authority to the CEO is subject to the limits determined by the Board from time to time.

The CEO is formally delegated by the Board to authorise all expenditure (including capital expenditure) as approved by the Board in the budget for the relevant year.

The following limitations on the authority of the CEO apply, subject to modification or addition by the Board from time to time. Unless otherwise specified, the CEO must obtain Board approval for the following.

- (a) All payments to the CEO, outside of normal agreed monthly remuneration, must be authorised by the chairman.
- (b) To enter into any contract or incur any obligation or liability on behalf of the Company or any of its subsidiaries with a value, or actual or potential liability to the Company, in accordance with the limits determined by the Board from time to time, except where such a contract, obligation or liability is specifically allowed for in the Company's budget (as approved by the Board) for that financial year.
- (c) To take any action or enter into any course of conduct on behalf of the Company or any of its subsidiaries which is outside the ordinary course of business without the prior approval of the chairman. The chairman may decide that the matter must be approved by the Board, in which case Board approval is required.
- (d) To provide, or offer to provide, any remuneration packages to employees or contractors which include or comprise wholly of a securities-based component.
- (e) To agree to issue any securities in the Company to any person, unless such agreement is expressed to be subject to Board approval.

### **5 CHIEF FINANCIAL OFFICER ("CFO")**

The CFO and senior finance officers influencing financial performance of the Company will:

- (a) conduct their duties at the highest level of honesty and integrity, recognising that integrity is the benchmark against which the CFO must conduct all decision making;
- (b) observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;
- (c) maintain the confidentiality of all information acquired in the course of conducting the role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law, any securities regulatory authority or by the rules of any stock exchange on which the Company's securities are listed;
- (d) observe the principles of independence, accuracy and integrity in dealings with the Board, audit committees, board committees, internal and external auditors and other senior managers within the Company;

- (e) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the CFO becomes aware and which the CFO reasonably believes may compromise the reputation or performance of the Company;
- (f) maintain transparency in the preparation and delivery of financial information to both internal and external users;
- (g) exercise diligence, skill and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the Company and complies with all relevant legislative requirements;
- (h) ensure the maintenance of a sound system of internal controls to safeguard the Company's assets and to manage risk exposure through appropriate forms of risk control;
- (i) set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of CFO; and
- (j) observe, develop and implement the principles of this Board Charter in a conscientious, consistent and rigorous manner.

## **6 INDEPENDENCE OF DIRECTORS**

The Board of Directors shall be constituted at all times of a majority of individuals who are "independent directors" in accordance with applicable legal requirements, including the requirements published by the Canadian Securities Administrators and the ASX Corporate Governance Council as such rules are replaced, updated or revised from time-to-time.

In addition, in accordance with applicable legal requirements for service on an audit committee, the committee shall be comprised solely of non-executive directors, and a majority must be "independent".

The remuneration committee shall be comprised solely of non-executive directors, a majority of whom are "independent". A copy of the independence requirements is reproduced in Schedule "A"

### **6.1 Disclosure of independence**

Each independent director of the Company must regularly provide to the Board all information regarding his or her interests that is relevant to his or her independence having regard to the standard outlined in Schedule A.

### **6.2 Annual disclosure**

The Board must ensure that on an annual basis, the following information is disclosed:

- (a) the names of directors who are considered by the Board to be independent;
- (b) the Board's reasons for considering a director to be independent;
- (c) the Board's reasons for considering a director to be independent despite the existence of the relationships set out in Schedule A;
- (d) the period of office of each director.

## 7 CONFLICTS OF INTEREST

As a general principle each director must bring an enquiring, open and independent mind to Board meetings, listen to the debate on each issue raised, consider the arguments for and against each motion and reach a decision that he or she believes to be in the best interests of the Company as a whole free of any actual or possible conflict of interest and consistent with the Directors' Code of Conduct and the law.

If directors wish to avail themselves of the business judgment rule they will need to be continuously vigilant to identify circumstances of conflicting interests, that is, circumstances where the director may have a material personal interest in the matter before the Board or a committee.

If the Board determines that a director might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of the Company or his or her duties to the Company, on the other hand, the Board will require that the director:

- (a) fully and frankly informs the Board about the circumstances giving rise to the conflict; and
- (b) abstains from voting on any motion relating to the matter and absenting himself or herself from all board deliberations relating to the matter including receipt of Board papers bearing on the matter if required by the remainder of the board.

If the Board resolves to permit a director to have any involvement in a matter involving possible circumstances of conflicting interests the Board must minute full details of the basis of the determination and the nature of the conflict including a formal resolution concerning the matter.

If a director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the director should immediately consult with the chairman, or if applicable, the lead Director.

The company secretary will maintain a register of all possible conflict of interest situations that are disclosed to the Board.

## 8 MEETINGS

An agenda will be prepared for each Board and committee meeting. The Board meeting will follow a format developed by the CEO and approved by the chairman. Each meeting should allow for informal discussions between Board members. Directors should ordinarily receive an agenda and any related material to be considered at a Board meeting no later than five days prior to the relevant meeting in order to give appropriate consideration to such material.

The members of the Board of directors should arrange to meet at least once in each financial year to conduct a non-executive discussion of board and management issues. These meetings are to be used to provide feedback about board processes, including the adequacy and timeliness of information being provided to the Board. At times these meetings may focus on substantive issues that some Board members wish to discuss without management present. These meetings may also discuss areas where the performance of independent directors could be strengthened. The Board may meet at any place within, or outside Canada.

Any issues arising from these meetings that bear on the relationship between the Board and management will be communicated quickly and directly to the CEO by the chairman or other delegated person.

### 8.1 Consent Resolutions

Urgent matters that cannot wait until the next Board meeting can be dealt with by consent resolution. Consent resolutions should, where possible, be approved by the chairman before being circulated and should normally be preceded by a telephone meeting, if practical.

Consent resolutions must be signed by all directors approving the action and will be entered in the Board minute book. If all directors approving the action do not sign the resolution, the item is deferred to the next Board meeting.

## **9 BOARD COMMITTEES**

The Board has established the following committees:

- (a) Audit and Financial Risk Management Committee;
- (b) Remuneration, People and Culture Committee;
- (c) Sustainability Committee;
- (d) Governance and Nominations Committee.

These committees are designed to consider specific matters and make recommendations to the Board. However, it is not intended that these committees restrict the ability of the Board to make an independent assessment of the recommendations, having regard to the Board's knowledge of the Company and the complexity of the structures and operations of the Company. The Board will consider the materials and recommendations presented to them and bring their own mind to bear on the issue using the skill and judgment they possess.

The Board will consider and approve the charters of the various committees.

The Board will be given an update on the key outcomes from the Committee meetings and all non-executive directors may attend meetings of committees of which they are not members.

## **10 THE BOARD AND EXECUTIVE MANAGEMENT**

Any director may communicate directly with employees of the Company but such communications are to be made having regard to the efficient operation of the Company and the need to preserve and maintain an effective chain of command and the confidentiality of the Board's deliberations.

Where individual directors wish to communicate with executive management or with other employees or representatives of the Company in relation to company business, all communications must be facilitated by the chairman.

## **11 INDEPENDENT ADVICE**

A director of the Company is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out below:

- (a) a director must seek the prior approval of the chairman;
- (b) in seeking the prior approval of the chairman, the director must provide the chairman with details of:
  - (i) the nature of the independent professional advice;
  - (ii) the likely cost of seeking the independent professional advice; and
  - (iii) details of the independent adviser he or she proposes to instruct.
- (c) the chairman may prescribe a reasonable limit on the amount that the Company will contribute towards the cost of obtaining such advice;
- (d) all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to the Company and to the director in his or her

personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the director's contract of employment with the Company (in the case of an executive director) or any dispute between the director and the Company;

- (e) the chairman may determine that any advice received by an individual director will be circulated to the remainder of the Board.

## 12 REMUNERATION

The level of non-executive director remuneration will be set by the Remuneration, People and Culture Committee so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type.

In line with the Company's desire to maintain director independence, each director is permitted to deal in personal securities of the Company in accordance with the Securities Trading Policy.

## 13 BOARD PERFORMANCE

The Board believes that regular assessment of the Board's effectiveness and the contribution of individual directors is essential to improve governance.

At least once in each financial year, the Board shall consider conducting a performance evaluation and review:

- (a) of the Board to compare the performance of the Board with respect to the requirements of this Board Charter and current best practice principles of corporate governance;
- (b) of individual directors' contribution to the Board;
- (c) of the Board's committees; and
- (d) of the goals and objectives of the Board including establishing those for the upcoming year.

The focus of the evaluation will be on how performance can be made more meaningful in setting and achieving goals that add value. The results will be internal to the Board, but disclosure will be made in the annual report and the Company's website that such evaluations are undertaken.

The Board will determine the manner and form of the performance evaluation. The Board, in conducting its evaluation, shall have regard to the review questionnaire set out in Schedule B.

## **14 REVIEW OF BOARD CHARTER**

The Board will periodically review this Board Charter, and the charters of each of the committees, and make any amendments it determines are necessary or desirable.

The Board

OceanaGold Corporation

September 2014

*\*This Charter must be reviewed every 24 months at a minimum.*

*Last reviewed: September 2014*

## SCHEDULE "A"

### Independence Requirements of *National Instrument 52-110 – Audit Committees* (“NI 52-110”)

A member of the Board shall be considered “independent” if he or she has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment.

The following individuals are considered to have a material relationship with the Company:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
- (c) an individual who:
  - (i) is a partner of a firm that is the Company’s internal or external auditor;
  - (ii) is an employee of that firm; or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - (i) is a partner of a firm that is the Company’s internal or external auditor;
  - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company’s current executive officers serves or served at the same time on the entity’s compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than \$75,000 in direct compensation from the Company during any 12 month period within the last three years, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any Board committee, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service for the Company if the compensation is not contingent in any way on continued service.

In addition to the independence criteria discussed above, for audit committee purposes,

any individual who:

- (a) has a relationship with the Company pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee; or as a part-time chair or vice-chair of the board or any board or committee, or
- (b) is an affiliated entity of the Company or any of its subsidiary entities

is deemed to have a material relationship with the Company, and therefore, is deemed not to be independent.

The indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:

- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
- (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any subsidiary entity of the Company.

## SCHEDULE "B"

### Board Performance Evaluation Questionnaire

#### Introduction

The Board review process is designed to provide directors with an opportunity to evaluate how they feel the Board is operating and to make suggestions for its improvement. This is not designed to be an individual Board member assessment, but a tool for improving the Board as a unit.

This process provides an opportunity for the Board to comment on the Chair's leadership of the Board.

#### Process

- a) The lead director asks each of the directors to make comments regarding his/her view as to whether the Board has fulfilled its objectives, using the attached questionnaire. Directors are commenting on the performance of the Board as a whole.
- b) The lead director summarises the input of all directors on an anonymous basis and reports to the full Board from time to time. Time shall be set aside at that meeting for a full and comprehensive discussion of Board performance.
- c) The questions raised in the questionnaire are suggestions of the types of issues directors may want to consider.

#### Questionnaire

##### A) Board Organisation

- a. Is the Board organised effectively? Does the Board have:
  - i. The appropriate number of directors?
  - ii. The appropriate number of independent directors?
  - iii. The right balance of skills, experience, and diversity?
- b. Does the Board have appropriate input to the process of selecting new board members?
- c. Does the Board have the appropriate number of committees? Should there be additional committees? Should there be fewer committees?
- d. Are meetings of the Board organised properly in number, timing and location, and do members receive adequate advance materials to make sound decisions? How could this be improved?
- e. Is the time at meetings utilised effectively and is there an atmosphere that encourages open dialogue?
- f. Are meetings of committees organised properly in number, timing and location? How could this be improved?
- g. Does the Board have sufficient executive or private sessions to allow independent directors to discuss sensitive topics?
- h. Do new directors receive effective orientation to enable them to understand the company and contribute immediately?
- i. Does the Board have sufficient input to meeting agendas? Are there agenda items that should appear on a regular basis that are currently not being included?
- j. Are there clear terms of reference for the Board and the Committees? Could they be improved? If so, how?
- k. Are there clear terms of reference for each of the chairman and the lead director? Could they be improved?
- l. Could you comment on the performance of each of the chairman and the lead director?

##### B) Selection of Management

- a. Are you satisfied that the terms of reference for the CEO and CFO are clear and appropriate?
- b. Could the performance evaluation process for the CEO and CFO be improved?

- c. Is the process for reviewing and establishing management compensation levels satisfactory?
  - d. Are you satisfied with the management succession plan?
- C) Strategy Determination
- a. Does management adequately develop strategic, operating and capital plans for the Board's consideration and review? Are you satisfied with the strategy development process?
  - b. Are you satisfied with the strategy review process?
  - c. Is there an opportunity for the Board to provide advice, and input to the strategic plan as it is being developed by management?
- D) Monitoring and Acting
- a. Does the Board monitor the Company's progress towards its annual and quarterly targets, and revise and alter the Company's direction through management in light of changing circumstances?
  - b. Does the Board have, or is it provided with, the proper tools and knowledge to fulfil its monitoring responsibilities?
  - c. Are the directors receiving adequate materials between and in advance of the Board or of Board committees?
  - d. Does the Board have sufficient exposure to and knowledge of high potential in employees in the organisation?
  - e. Does the Board approve and effectively monitor all significant policies by which the Company is operated?
  - f. Are you satisfied that the Company operates at all times within applicable laws and regulations, and to the highest ethical and moral standards? What steps could improve your level of comfort?
  - g. Is the Board provided with timely up to date and continuing advice and information on problem or opportunity areas?
- E) Reporting to Shareholders
- a. Are you satisfied that the financial performance of the Company is adequately reported to shareholders, other security holders and regulars on a timely and regular basis?
  - b. Are you satisfied that the financial results are reported fairly and in accordance with generally accepted accounting standards?
  - c. Are you satisfied that development that have significant and material impact on the value of the shareholders; assets are reported clearly and in a timely fashion?
  - d. Are you satisfied with the annual reporting process to shareholders?
- F) Legal Requirements
- a. Are you satisfied that the legal requirements have been met, and documents and records have been properly prepared, approved and maintained?
- G) Other
- a. Are there other ways of enhancing Board performance?