



## MANDATE OF THE BOARD OF DIRECTORS

(As of May 14, 2014)

### 1 Policy Statement

- 1.1 The Board of Directors (the “Board of Directors” and each member thereof a “Director”) of St. Augustine Gold & Copper, Ltd. (the “Company”) is responsible for the stewardship of the business and affairs of the Company. As such, the Board of Directors has responsibility to oversee the conduct of the Company’s business, and provide direction to management to ensure that all major issues affecting the business and affairs of the Company are given proper consideration. The Board of Directors oversees the activities of management who are responsible for the day-to day conduct of the business of the Company.

### 2 Composition and Operation

- 2.1 The Board of Directors is to be constituted of a majority of individuals who qualify as independent Directors. Generally speaking, a Director is “independent” if such Director has no direct or indirect material relationship with the Company and a “material relationship” is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the Director’s independent judgment.
- 2.2 The Board of Directors operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board of Directors retains the responsibility of managing its own affairs including selecting its Chairman, nominating candidates for election to the board, constituting committee of the full Board of Directors and determining compensation for the Directors. Subject to the governing documents of the Company and *Business Corporations Act (BVI)*, the Board of Directors may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board of Directors.

### 3 Responsibilities

- 3.1 The Board of Directors’ fundamental objectives are to enhance and preserve long-term shareholder value, to ensure 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 of Directors should also consider the legitimate interests its other stakeholders, such as employees, customers and communities may have in the Company. In broad terms, the stewardship of the Company involves the Board of Directors in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

### 4 Specific Duties

## 4.1 Legal Requirements

4.1.1 The Board of Directors has the oversight responsibility for meeting the Company's legal requirements and for properly preparing, approving and maintaining the Company's documents and records.

4.1.2 The Board of Directors has the legal responsibility to:

4.1.2.1 Manage the business and affairs of the Company;

4.1.2.2 Act honestly and in good faith with a view to the best interests of the Company;

4.1.2.3 Exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and

4.1.2.4 Act in accordance with its obligations contained in the *Business Corporations Act (BVI)* and the regulations thereto, the governing documents of the Company, and other relevant legislation and regulations.

4.1.3 The Board of Directors has the legal responsibility for considering the following matters as a full Board of Directors, which in law may not be delegated to management or to a committee of the Board of Directors:

4.1.3.1 Any submission to the security holders of a question or matter requiring the approval of the security holders;

4.1.3.2 The filling of a vacancy among the Directors;

4.1.3.3 The issuance of securities;

4.1.3.4 The declaration of dividends;

4.1.3.5 The purchase, redemption or any other form of acquisitions of securities issued by the Company;

4.1.3.6 The payment of a commission to any person in consideration of his/her purchase or agreeing to purchase securities of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such securities;

4.1.3.7 The approval of management proxy circulars; and

4.1.3.8 The approval of any take-over bid circular or Directors' circular.

## 4.2 Independence

4.2.1 The Board of Directors shall have the responsibility to:

4.2.1.1 Implement appropriate structures and procedures to permit the Board of Directors to function independently of management;

4.2.1.2 Implement a system which enables an individual Director to engage an outside advisor at the expense of the company in appropriate circumstances; and

4.2.1.3 Provide an orientation and education program for newly appointed members of the Board of Directors.

#### 4.3 Strategy Determination

##### 4.3.1 The Board of Directors shall:

- 4.3.1.1 Adopt and annually review a strategic planning process and approve the corporate strategic plan which takes into account, among other things, the opportunities and risks of the business of the Company;
- 4.3.1.2 At least annually review operating and financial performance results of the Company relative to established strategy, budgets and objectives;
- 4.3.1.3 Approve the annual operating and capital plans;
- 4.3.1.4 Approve acquisitions and dispositions in excess of a pre-determined limit; compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing security holder value;
- 4.3.1.5 Approve the establishment of credit facilities; and
- 4.3.1.6 Approve issuance of additional shares or other securities to the public.

#### 4.4 Managing Risk

- 4.4.1 The Board of Directors 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 security holders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company.

#### 4.5 Appointment, Training and Monitoring of Senior Management

##### 4.5.1 The Board of Directors shall:

- 4.5.1.1 Appoint the Chief Executive Officer ("CEO") and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing security holder value; and review and approve CEO compensation, upon recommendation from the compensation committee. Review and approval of compensation for other senior executive officers shall be delegated to the compensation committee.
- 4.5.1.2 Ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
- 4.5.1.3 Establish limits of authority delegated to management;
- 4.5.1.4 Receive annually from the Compensation Committee their evaluation for the performance of each senior officer;
- 4.5.1.5 Develop a system under which succession to senior management positions will occur in a timely manner;
- 4.5.1.6 Review and approve any proposed significant change in the management organization structure of the Company;
- 4.5.1.7 In consultation with the CEO, establish and maintain the Disclosure Policy for the Company; and
- 4.5.1.8 Generally provide advice and guidance to management.

#### 4.6 Reporting and Communication

##### 4.6.1 The Board of Directors has the responsibility to:

- 4.6.1.1 Verify that the Company has in place policies and programs to enable the Company to communicate effectively with its security holders, other stakeholders and the public generally;
- 4.6.1.2 Verify that the financial performance of the company is adequately reported to security holders, other stakeholders, and regulators on a timely and regular basis;
- 4.6.1.3 Verify that the financial results of the Company are reported fairly and in accordance with generally accepted accounting standards;
- 4.6.1.4 Verify the timely reporting of any other developments that have a significant material impact on the value of the Company; and
- 4.6.1.5 Report annually to security holders on its stewardship of the affairs of the Company for the preceding year.

#### 4.7 Monitoring and Acting

##### 4.7.1 The Board of Directors has the responsibility to:

- 4.7.1.1 Review and approve the Company's financial statements and oversee the Company's compliance with applicable audit, accounting and reporting requirements;
- 4.7.1.2 Verify that the Company operates at all times within applicable laws and regulations to the highest ethical and moral standards;
- 4.7.1.3 Approve and monitor compliance with significant policies and procedures by which the Company is operated;
- 4.7.1.4 Monitor the Company's progress towards its goals and objectives and revise and alter its direction through management in response to changing circumstances;
- 4.7.1.5 Take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant;
- 4.7.1.6 Verify that the Company has implemented adequate internal control and information systems which ensure the effective discharge of its responsibilities; and
- 4.7.1.7 Recommend to the shareholders of the Company a firm of chartered accountants to be appointed as the Company's auditors.

#### 4.8 Environmental, Health and Safety Matters

- 4.8.1 The Board of Directors shall review the effectiveness and adequacy of safety and environmental control of the Company's projects.

#### 4.9 Other Activities

- 4.9.1 The Board of Directors may perform any other activities consistent with this mandate, the constating documents of the Company and any other governing laws as Board of Directors determines necessary or appropriate.

#### 4.10 Governance

- 4.10.1 In consultation with the Chairman of the Company's Board, develop a position description for the Chairman of the Company's Board;
- 4.10.2 Facilitate the continuity, effectiveness and independence of the Company's Board by amongst other things,
  - 4.10.2.1.1 Selecting from nominees made by independent directors for election to the Company's Board;
  - 4.10.2.1.2 Appoint a Chairman of the Company's Board who is not a member of management;
  - 4.10.2.1.3 Appointing from amongst the directors an audit committee and such other committees of the Company's Board as the Company's Board deems appropriate and in compliance with corporate governance regulations;
  - 4.10.2.1.4 Defining the mandate of each committee of the Company's Board;
  - 4.10.2.1.5 Ensuring that the processes are in place and are utilized to assess the size of the Company's Board, the effectiveness of the Chairman of the Company's Board, the Company's Board as a whole, each committee of the Company's Board and each director; and
  - 4.10.2.1.6 Review the orientation and education program for new (and existing) members to the Company's Board to ensure that it is adequate and effective.

#### 4.11 Meetings

- 4.11.1 The Board shall meet at least four times per year and/or as deemed appropriate by the Company's Board chair;
- 4.11.2 Minutes of each meeting shall be prepared;
- 4.11.3 The CEO or his/her designate(s) may be present at all meetings of the Company's Board.
- 4.11.4 Vice-Presidents and such other staff as appropriate to provide information to the Company's Board shall attend meetings at the invitation of the Company's Board;
- 4.11.5 Implement mediums(s) to solicit feedback from shareholders; and
- 4.11.6 At the end of each meeting independent members have the option to meet without non-independent directors and management present.

**Amended and approved by the St. Augustine Board of Directors on May 14, 2014**