



**NXGOLD LTD.  
(The “Company”)**

**CHARTER OF THE BOARD OF DIRECTORS**

**PURPOSE**

The Board of Directors (the “**Board**”) is responsible for the stewardship of the business and affairs of the Company. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Company’s strategic planning and organizational structure and supervising management to oversee that the long-term operational and financial goals and organizational structure enhance and preserve the business of the Company and the underlying value of the Company.

**DUTIES AND RESPONSIBILITIES**

The Board discharges its responsibility for overseeing the management of the Company’s business by delegating to the Company’s senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its standing committees; namely, the Audit Committee and the Compensation and Corporate Governance Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board’s primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company’s strategic objectives. Other principle responsibilities include, but are not limited to, the following categories:

**1. Strategic Planning**

The Board has the responsibility to:

- (a) develop and adopt a strategic planning process;
- (b) at least annually, 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;
- (c) monitor the Company’s progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances;
- (d) 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

- (e) 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.

## **2. Financial and Corporate Issues**

The Board has the responsibility:

- (a) to approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- (b) to take reasonable steps to ensure the integrity and effectiveness of the Company's internal control and management information systems, including the evaluation and assessment of information provided by management and others;
- (c) to review operating and financial performance relative to budgets and objectives;
- (d) to approve the annual financial statements and notes thereto, management's discussion & analysis of financial condition and results of operations, the annual information form (if applicable) and the management information circular; and
- (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 services.

## **3. Risk Management**

The Board is responsible for safeguarding the assets and business of the Company, identifying and understanding the principle risks of the Company's business, to achieve a proper balance between risks assumed and the potential return to shareholders, and to ensure that there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company.

## **4. Compensation and Human Resources**

The Board has the responsibility:

- (a) to appoint the CEO (and develop a position description for the CEO) and develop objectives that the CEO is responsible for achieving and to monitor and assess the CEO's performance against those objectives;
- (b) to the extent possible, to satisfy itself as to the integrity of the CEO and other executive officers and satisfy itself that the CEO and other executive officers are creating a culture of integrity throughout the Company;

- (c) to approve certain decisions relating to senior management, including the:
  - (i) appointment and discharge of all executive officers;
  - (ii) compensation and benefits for all executive officers;
- (d) to ensure that adequate provision has been made to train and develop management and for the orderly succession of the CEO and the other executive officers; and
- (e) to consider, and if considered appropriate, approve, incentive-compensation plans and equity-based plans of the Company.

## **7. Environment, Health and Safety**

The Board has the responsibility:

- (a) to review and monitor the policies and activities of the Company relating to environment, health and safety matters to ensure compliance with applicable laws, legislation and policies;
- (b) to review environmental, health and safety compliance issues and incidents to determine that the Company is taking all necessary action in respect of those matters and that the Company has been duly diligent in carrying out its responsibilities and activities in that regard;
- (c) to review and consider potential liabilities and obligations in respect of environmental, health and safety matters and their potential financial impact on the Company;
- (d) to ensure the Company sets high environmental standards in its operations and is in compliance with environmental laws and legislation; and
- (e) to ensure the Company has in place appropriate programs and policies for the health and safety of its employees in the workplace.

## **8. Policies, Procedures and Compliance**

The Board has the responsibility:

- (a) to ensure that the Company operates at all times within applicable laws and regulations 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; and
- (c) 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).

## **9. Governance**

The Board has the responsibility:

- (a) to develop, to the extent considered appropriate, position descriptions for the chairman of the Board, the chairman of each committee and individual directors; and
- (b) to review the size and composition 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 including developing a set of corporate governance principles and guidelines specific to the Company;
- (d) to review annually its charter and the performance of the Board as a whole, Board committees, the Chair of the Board, the Chair of the committees and individual directors to ensure that the Board and the committees are operating effectively.

## **10. 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 to enable it to communicate effectively with shareholders and other stakeholders and with financial, regulatory and other institutions and agencies;
- (b) to ensure that material information is accurately reported to shareholders, other security holders and regulators on a timely and regular basis in accordance with all applicable laws;
- (c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles and all applicable securities laws;
- (d) to ensure the timely reporting of any developments that could have a significant and material impact on the value of the Company;
- (e) to report annually to shareholders on its stewardship of the affairs of the Company for the preceding year; and
- (f) to oversee the Company's implementation of systems to accommodate feedback from shareholders.

## **11. 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 review a consultant's or advisor's fees and other retention terms.

Directors are permitted to engage outside legal or other advisor at the expense of the Company where for example he or she is placed in a conflict position through activities of the Company, but any such engagement is subject to the prior approval of the Board.

## **12. Meetings**

The Board shall meet at least quarterly and shall have additional meetings as required or appropriate to consider other matters. In addition, the Board shall meet, as it considers appropriate to consider strategic planning of the Company. Attendance at each meeting shall be recorded. The Board should also meet separately from management as considered appropriate to ensure that the Board functions independently of management. The independent directors should meet with no members of management present as considered appropriate.

## **THE CHAIR**

The Chair is accountable to the Board and shall have the duties of a member of the Board as set out in applicable corporate law and in the Company's constating documents and as otherwise determined by the Board. 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 law and as set out in this Charter.

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 necessary and desirable by the Board.

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.

### **1. Duties of the Chair**

The Chair is responsible to:

- (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 that the Board works as a cohesive team and provide the leadership essential for this purpose;

- (d) ensure that the responsibilities of the Board are well understood by both the Board and management, and that the boundaries between Board and management responsibilities are clearly understood and respected;
- (e) manage the affairs of the Board, including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities;
- (f) act as a liaison between the Board and senior management to ensure that the relationship between the Board and senior management is professional and constructive;
- (g) provide advice, counsel and mentorship to other members of the Board, the CEO and other senior members of management;
- (h) lead the Board in establishing, reviewing and monitoring the strategy, goals, objectives and policies of the Company;
- (i) communicate all major developments and issues to the Board in a timely manner, initiate opportune discussion of such matters and ensure provision to the Board of sufficient information to permit the Board to fulfill its oversight responsibilities;
- (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;
- (k) adopt procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
- (l) ensure that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board;
- (m) 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;
- (n) 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;
- (o) ensure the Board has the opportunity to meet without members of management present on a regular basis;
- (p) assist in the preparation of the agenda of the Board meetings;
- (q) preside as chair of each meeting of the Board and as chair of each meeting of the shareholders of the Company; and
- (r) carry out other duties as requested by the Board as a whole, depending on need and circumstance.

## **RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

### **1. Corporate Stewardship**

Each Director has the responsibility to:

- (a) 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;
- (b) provide constructive counsel to and oversight of management;
- (c) be available as a resource to the Board; and
- (d) 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 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 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 CEO between meetings.

### **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;
- (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) as requested, 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 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.

Last reviewed and approved by the Board on February 22, 2017.