



**CHARTER GOVERNANCE, NOMINATING AND
COMPENSATION COMMITTEE**

Dynacor Gold Mines inc.

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1. INTRODUCTION

The Board of Directors has, by resolution, created the Governance, Nominating and Compensation Committee that is made up of independent directors (see section 4). This Charter defines the responsibilities, functions and specific duties of the Committee. The Charter complies with the governance rules and suggestions issued by the Canadian Securities Administrators Organization (CSA). It also draws upon the best practice guidelines in terms of governance that have been published by the Institutional Shareholder Services (ISS) and the Canadian Coalition for Good Governance (CCGG). The Charter should be read in conjunction with the Governance Policy and other policies that have been adopted by the Corporation.

2. RESPONSABILITIES

a) Governance

- Develop the governance framework and policies for the Corporation, and present them to the Board for discussion and approval.
- Analyse and make recommendations to the Board, on:
 - Non-financial risk management policies;
 - All issues related to governance and ethics; and
 - The management information circular document that is prepared for the annual shareholder assembly.
- Review and evaluate the CEO's performance and report the results of the evaluation to the Board.
- Receive and review the report from the CEO on the compensation of the CFO as well as senior management in Canada and Peru and forward the report to the Board.
- Evaluate the performance of the Board and its different Committees and recommend to the Board, if necessary, any changes that it deems necessary.
- Ensure that new Board members are fully informed of their responsibilities and the roles of the Board and its Committees as well as the Corporation's activities.
- Ensure that training courses that improve the Board's skillset are regularly offered to the Directors.

b) Nominations

The Governance, Nominating and Compensation Committee has been tasked by the Board to search for and identify qualified persons that could be elected as a new Director for the Corporation. The Committee will supply a list of qualified candidates and recommend one or more potential Directors for inclusion in the Management Proxy Circular that is submitted to the shareholders 30 days prior to the Annual Shareholder Meeting.

The selection process for a new Director involves the following steps implemented by the Committee, that specifically:

- Recommends to the Board the selection criteria and required skills that will be used to screen the new candidates. After discussion and possible modifications, the Board adopts the criteria and required skillset;
- Undertakes the search process in order to identify possible candidates;
- Seeks advice from other Directors, the Chairman of the Board, the CEO and other executives and if need be suggestions from other stakeholders including shareholders in order to identify the best possible candidates. The Committee can, if it deems it necessary, use the services of external consultants.
- Each candidate is interviewed by the Committee;
- After screening a 2nd interview of the candidate is organized by the Committee with the participation of the CEO and the Chairman of the Board; and finally
- The Committee presents its recommendations for one or several nominees to the Board of Directors.

In 2014, modifications to National Instrument 58-101 were adopted by the Regulatory Authorities. The changes pertained to gender equilibrium on Corporate Boards and the nomination of women to high level corporate executive positions. Dynacor's Board of Directors is quite willing to increase the number of women Directors on its Board as new positions are opened up. Naturally, all the candidates must meet the leadership criteria, have the necessary skills and meet the independence criteria that the Board has fixed in order to contribute to the development of the Corporation.

All nominations for a directorship will always be based on the expertise of the candidate, the needs of the Board and the Corporation at a given moment in time.

c) Compensation

- Establish the basis for the compensation package for the CEO and recommend to the Board a suitable and appropriate compensation package. Specifically, the Committee will also make recommendations to the Board regards long term and short term incentives, annual bonuses as well as option awards for the CEO.
- Establish the basis for the compensation package for the Board of Directors and recommend to the Board a suitable and appropriate compensation package. The compensation for Directors should be competitive and realistically reflect the risks and responsibilities that the Directors assume.
- Review annually or whenever the situation requires it, each of the components of the overall compensation policy regards the Board and the Chief Executive Officer.

3. OTHER RESPONSABILITIES AND FUNCTIONS OF THE COMMITTEE

The Committee must monitor the following risks:

- a) Non-compliance with respect to official governance regulations and corporate committee structures as well as Directors profiles with respect to Committee membership;
- b) Non-compliance with independence criteria of the Directors, committee membership and transactions with **non** arm's length parties;
- c) Non-financial risks in general.

If the Committee considers that relative to an accepted level of tolerance a given risk or set of risks exceeds the said level, it will immediately inform the Board.

The Committee also carries out the following functions and tasks:

- a) Oversees and ensures that the Governance, Nominating and Compensation Policies, are up to date and fully applied;
- b) Ensures that the Charters of all the Corporation's Committees are up to date;
- c) Reviews the Corporations' Code of Ethics periodically and ensures that it is in accordance with the Corporation's mission and objectives;
- d) Supports the resolution of ethical issues and identifies emerging ethical issues;
- e) Assumes any other tasks that the Board considers necessary or that is mandatory as defined by law or by official rules enacted by the pertinent authorities.
- f) Monitors the evolution and trends of corporate ethics and deontology as well as all matters related to financial compensation, governance and the nomination of new Directors and informs the Board regards these trends.

4. COMPOSITION ET INDEPENDENCE

Members of the Committee are independent Directors as defined by the criteria in National Instrument 52-110. The members of the Committee are appointed by the Board and at least one member should also be a member of the Audit Committee.

The Committee is made up of at least three Directors and the quorum for a meeting is 2 members.

5. ROLE AND RESPONSABILITIES OF THE PRESIDENT

The main responsibilities of the President, in addition to chairing all the meetings, are listed below:

- a) Prepare in advance the agenda for all the meetings;
- b) Ensure that Committee fulfills its roles in terms of governance, nominating of new Directors and compensation.
- c) Ensure that the Committee complies with its responsibilities described in article 3 above;
- d) Evaluate every year the performance of the Committee and its members and formally report to the Chairman of the Board;
- e) Report to the Board on the activities, projects and the results obtained by the Committee. Make any relevant comments and pertinent recommendations in his official capacity as President of the Committee.
- f) Assume any additional tasks that the Board deems necessary.

6. UPDATING THE CHARTER

The Charter should be periodically updated in order to reflect the evolving responsibilities and roles of the Committee. Whenever necessary the Charter should be modified and at least once a year the Committee should review the Charter.

In particular, if the Corporation changes significantly or if new rules pertaining to corporate governance are adopted by the Authorities the Charter will need to be modified.

7. COMMITTEE MEETINGS

7.1 Frequency of Meetings

The Committee will hold meetings whenever it is necessary and minutes of each meeting will be produced and recorded.

7.2 Quorum

The required quorum for a Committee meeting is the simple majority of its members.

7.3 Reporting

The Committee periodically reports to the Board on its activities and presents the minutes of all of its meetings. The Committee monitors the risks to which the Corporation is exposed and reports at least once a year on this matter to the Board. This summary should focus on the major risks.

7.4 Governance and special courses

In addition to the general courses that are offered to Directors, members of the Committee are encouraged to periodically take part in specially tailored courses that focus on their role and responsibilities as members of the Governance, Nominating and Compensation Committee.

7.5 External Consultants

The Committee can, if it deems it necessary to the fulfilment of its mandate, hire an external consultant for a specific task. However, prior agreement by senior management must be obtained before hiring an external consultant. The fees will be paid by the Corporation.