



GOVERNANCE POLICY
Dynacor Gold Mines inc.

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1. INTRODUCTION

Dynacor's Board of Directors recognizes the importance of sound and well-founded governance principles and practices. They are essential to good management and the overall results obtained by the Corporation. The governance policy that is laid out in this document describes in detail how the Board acts as the governing corporate body and its reporting procedures.

2. COMPLIANCE

The Corporation as a publically listed entity must adhere to rules and regulations of the Toronto Stock Exchange and must also comply with the governance guidelines and rules that are applicable to reporting issuers.

3. DEFINITIONS

Non-Executive Director: a member of the Board of Directors

Code of Ethics: A code of conduct that is applicable to the members of the Board, senior management, executive officers and all the employees of the Corporation that has been adopted by the Board of Directors. The Code of Ethics is updated periodically in order to reflect the evolution of the Corporation and the rules and regulations applicable to a reporting issuer.

Governance: Actions and best practices that are implemented by the Board of Directors to ensure a sound and prudent management of the Corporation and its assets. Good governance requires that the roles and responsibilities of the different components of the Board and its members are properly defined and clarified.

Best practices also include the processes and business decision making guidelines that define corporate strategic goals and objectives as well ensuring that all the risks are well known and managed appropriately.

Independence: a board member and a committee member is considered to be independent if he/she meets the criteria as defined in National Instrument 52-110.

4. GUIDING PRINCIPLES OF GOVERNANCE

4.1 Board of Directors and Independence

The Board of Directors determines the number of members that make up the Board. The majority of Board members must be independent and amongst them at least three must be independent as defined for the Audit Committee by articles 1.4 and 1.5 of National Instrument 52-110. The Chairman of the Board must be an independent non-executive Director.

The Governance Committee, when necessary, will determine the nature of the relationship between each Director and the Corporation, and reports its findings to the Board.

Any Director or member of a Committee must immediately divulge any relevant changes in his/her status that occurs during a given year.

4.2 Board of Directors: Role and Responsibilities

As defined by the Corporation's by-laws and rules, the Board of Directors has the right and the responsibility to manage the Corporation and its activities. Its main functions are to (i) make recommendations to top executives and officers, and (ii) monitor all of the Corporation's activities and in particular the operational risks facing the Corporation.

The Board's responsibilities are mainly:

- a) Ensure that the Corporation's mission is carried out and that it complies with the laws and regulations that are applicable to a reporting issuer;
- b) Approve the strategic goals, the action plans, the policies including risk management policies and make sure that they are applied;
- c) Create the appropriate Committees and define their mandates;
- d) Ensure that the Code of Ethics is fully implemented as well as all of the Corporation's governance policies and the Committee's Charters. Implementation should be efficient and transparent and in the best interests of the Corporation.

- e) Follow up on its decisions and assume responsibility of its decisions relative to the shareholders;
- f) Periodically evaluate the Corporation's performance;
- g) Ensure that President and CEO has a plan for his succession and that he seeks experienced persons with the appropriate skills for all of the key positions;
- h) Identify the main operational risks facing the Corporation and ensure that they are monitored by the Committees, that appropriate controls are in place and that, if need be, mitigation measures are taken; and
- i) Ensure that open and transparent communication channels are maintained between the Corporation and all of its stakeholders and vice-versa.

4.3 Chairman of the Board: Role and Responsibilities

The Chairman of the Board is designated by the Board and is chosen amongst the independent non-executive Directors in compliance with article 4.1 above.

The Chairman's main responsibilities are:

- a) Prepare and circulate the Agenda prior to Board meetings;
- b) Maintain an open dialogue with the President and CEO regards the Corporation's Strategic goals;
- c) Officially represent the Corporation, whenever necessary, in meetings with Regulatory Authorities, Governmental Agencies, investors and any other interested parties and stakeholders;
- d) Ensure that the responsibilities of Board members are clearly understood by the Directors;
- e) Ensure that the Directors are present at meetings of the Board and that they work together as a team;
- f) Interview and ensure that the members of the Board express their opinion on how the Board is functioning and/or the Committees and take their comments and suggestions into account;

- g) Ensure that the Directors have the necessary resources and training if necessary to efficiently carry out their mandates;
- h) Assume the lead role in evaluating the performance of the Board, its committees and the Directors. The final performance evaluations are prepared with the President and CEO;
- i) Report the results of the final performance evaluations to each member of the Board, to the Presidents of the Committees and to the Board itself;
- j) Evaluate the performance and define the objectives for the President and CEO, jointly with the Governance, Nomination and Compensation Committee; and
- k) Ensure that there is an efficient exchange of information between the Directors by using appropriate means of communication.

4.4 Directors: Role and Responsibilities

The main responsibilities and functions of a Director are:

- a) To understand the mission, vision, corporate values and the overall strategies of the Corporation;
- b) To be fully informed and to update whenever necessary his/her understanding of the operational activities of the Corporation as well as the concomitant operational risks;
- c) Unequivocally confirm his/her adherence to the Code of Ethics and all the other corporate governance policies and charters;
- d) Diligently divulge without delay to the Board of Directors any personal or professional situation or conflict of interest that may lead to a conflict between the Corporation and the Director;
- e) Proactively participate in the work and debates of the Board and the Committees;
- f) Prepare all the meetings, by reading all the relevant documentation and by asking for any additional information when necessary;

- g) Participate in any useful training sessions and courses that may be periodically organized;
- h) Attend at least 80% of the ordinary meetings of the Board and of its Committees to which a Director has been appointed.

4.5 Directors: Minimum Shareholding Rules

- ❖ After a 5-year period as a member of the Board of Directors, a Director must have a \$100,000-dollar investment in the Corporation as follows:
 - 50 000\$ in shares; and
 - 50 000\$ as a mix of shares and Deferred Share Units (DSU).

Board members that have been a member of the Board for more than 5 years at the date of approval of this policy (November 12, 2015) or whom will reach that 5-year term in the following 2 years must comply with the minimum shareholding rule by November 12, 2017.

The value of a share purchase or a DSU award will be recorded as the value of the shares/DSU on the date of the purchase/award. Any change in the value of the share price subsequent to the purchase will not be taken into account when calculating the aggregate \$100,000 investment.

- ❖ Furthermore, a Director will not participate:
 - in any way or manner in hedging, forward contracts or short selling of the Corporation's stock as a means of monetizing the value of his/her shares and/or DSUs.

4.6 Directors: Compensation

Monetary compensation for Board members and Directors whom are members of a Committee is described in the Compensation Framework and Policy that is defined by the Governance, Nominating and Compensation Committee. Expenses incurred by a Board member to attend a meeting of a Committee or the Board are also paid in addition to attendance fees and retainers.

Every year the Board reports to the shareholders on the fees paid to each Director and his/her attendance record.

4.7 Board Committees: Composition and Mandates

In order to assist the Board in fulfilling its overall mandate and its responsibilities the Board has created three Committees, which are:

- The Audit Committee
- The Governance, Nominating and Compensation Committee
- The Environment and Social Responsibility Committee

The mandates and the responsibilities of each Committee are defined in their respective Charters that are approved by the Board and periodically updated when necessary.

The Board of Directors can at any time create special Committees for a limited time and with a specific mandate.

4.8 Performance: Evaluation of the Board and its Directors

Performance evaluations are carried out in an independent manner that ensures anonymity and freedom to speak out for all the Directors. The modalities and the process is defined by the Board of Directors. Two approaches can be used. They are:

1. Peer evaluation: or
2. Auto-evaluation using a Board-approved form. Once they have been completed they are delivered anonymously to an independent third party that collates and organizes the data.

The compiled results are then sent to the Chairman of the Board. The Presidents of the Committees are also interviewed by the Chairman of the Board. The latter and the President and CEO then prepare the final performance evaluations. The Chairman of the Board then meets each Director individually in order to inform the latter on his/her evaluation.

4.9 External Consultants

Under special circumstances, the Board of Directors can authorize a Director to hire one or more external consultants at the cost of the Corporation. Hiring of external consultants is also subject to approval by the top corporate executives (CEO and CFO). It is the responsibility of the Board or any other entity or person designated by the Board to ensure that using the services of an external consultant is only authorized in special cases when it is clearly necessary.

4.10 Transparency and Access to Information on Corporate Governance

In order to ensure that all the stakeholders have complete and transparent access to the Corporation's governance guidelines and this governance policy the Corporation will include all such information in its Annual Report and/or in the Annual Management Circular that is available on SEDAR.

This information will include the following:

- The Board of Directors and its Committee's mandates and responsibilities;
- Director training activities and courses attended;
- A calendar detailing the activities of each Committee and its achievements covering the previous 12-month period;
- Nominating process for new Directors;
- Code of Ethics;
- Communication channels and processes between the Corporation's shareholders and vice-versa.

4.11 Corporate Governance Charters and Policies:

Charters:

- Audit Committee Charter
- Governance, Nominating and Compensation Committee Charter
- Corporate Social Responsibility Charter

And the following Policies:

- Governance Policy
- Trading Restrictions Policy
- Roles and Responsibilities of Committee Chairs
- Clawback Policy