

**GAMMON GOLD INC.**  
**BOARD OF DIRECTORS MANDATE**

The term "Corporation" herein shall refer to Gammon Gold Inc. and the term "Board" shall refer to the board of directors of the Corporation.

The Board is responsible for the stewardship of the Corporation including the strategic planning process, approval of the strategic plan, the identification of principal risks and implementation of systems to manage these risks, succession planning, communication and the integrity of the Corporation's internal control and management information systems.

The following points outline the key principles or guidelines governing how the Board will operate to carry out its overall stewardship responsibility.

***Board Meetings***

The Board shall hold regular meetings at least once in every fiscal quarter, with additional meetings held as and when necessary. The Board shall meet periodically without management present to ensure that the Board functions independently of management. The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Management attendees will be excused for any agenda items which are reserved for discussion among directors only.

***Board Contacts with Senior Management***

All of the directors shall have open access to the Corporation's senior management. It is expected that directors will exercise judgment to ensure that such contact does not distract management from the Corporation's business operations. Written communications from directors to members of management will be copied to the CEO.

***Board Meeting Agendas and Information***

The Chair, in consultation with the CEO and Corporate Secretary, will develop the agenda for each Board meeting. Agendas will be distributed to the directors before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

***Committees***

The Board will establish committees of its members to address specific matters. Four standing committees shall be established: the Compensation Committee, the Audit Committee, Nominating and Corporate Governance Committee and the Sustainability, Environment, Health and Safety Committee. The majority of members on the standing committees shall be independent, with the exception of the Audit Committee. All members of the Audit Committee must be independent directors. Each standing committee shall operate according to a written mandate approved by the Board. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature.

### ***Committee Meetings***

The schedule and agenda for the meetings of each committee will be determined by the committee chair in consultation with management, staff and committee members. Each committee will report to the Board on the results of each committee meeting. The Chair of the Board will be a non-voting, non-quorum member of each Committee.

### ***Size of the Board***

The Board currently consists of seven directors. The ideal size of the board will provide a diversity of expertise and opinion, as well as efficient operations and decision-making. The Governance and Nominating Committee will review the size of the Board annually and make recommendations to the Board when it believes a change would be in the best interests of the Corporation.

### ***Review of Independence of Directors***

The Nominating and Corporate Governance Committee will review at a minimum on an annual basis any relationships between directors and the Corporations which might be construed in any way to compromise the designation of any director as being independent or unrelated to the Corporation. The objective of such review will be to determine the existence of any relationships, to ensure that the composition of the Board remains such that the majority of the directors are independent and unrelated and that where any relationships exist, the director is acting appropriately.

### ***Board Assessment***

The Board is responsible for assessing and developing its effectiveness.

The Board, through the Nominating and Governance Committee shall establish and conduct orientation and education programs for new recruits to the Board, through which the performance expectations for the Board members shall be communicated.

The Nominating and Corporate Governance Committee shall implement a process for assessing the effectiveness of the Board as a whole, the committees and the contributions of individual directors. The Board shall assess directors on an ongoing basis, including periodic formal surveys of directors and ongoing assessments by the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee shall also be responsible for recommending proposals to the Board concerning the compensation of directors, including the adequacy and form of compensation.

The Nominating and Corporate Governance Committee shall have responsibility for the nominating function of the Corporation by recommending suitable candidates for nominees for election or appointment as directors. This process shall include a determination of the competencies, skills and personal qualities required of new directors in light of opportunities and risks facing the Corporation.

### ***Strategic Planning***

Management is responsible for the development of individual business unit and corporate strategic plans which take into account, among other things, the opportunities and risks of the business, and for the implementation of strategic plans. The Board shall be responsible for the adoption of a strategic planning process and the approval of the strategic plan, long term goals and objectives of the Corporation developed by management. The Board shall monitor senior management's implementation of the plans and shall assess the achievement of the Corporation's goals and objectives on an ongoing basis.

### *Managing Risk*

The Board shall have overall responsibility for assessing the principal risks facing the Corporation, ensuring the implementation of the appropriate strategies and systems to manage such risks and reviewing any material legal matters.

The Board has the responsibility to oversee and maintain The Ethics and Business Conduct policy that includes the "whistle-blower" policy and procedure.

The Board shall review and approve risk management policies as recommended by management, shall receive reports from management on the risk profile of the Corporation, risk mitigation activities and accepted risk thresholds and shall provide direction with respect to improvements to risk mitigation activities and accepted risk thresholds.

### *Succession Planning*

The Board shall have responsibility for the appointment and evaluation of the performance of senior management, including approving the appointment of senior executives of the Corporation, reviewing their performance against the objective of maximizing shareholder value, measuring their contribution to that objective, and overseeing compensation policies.

The Compensation Committee shall have responsibility for recommending proposals to the full Board concerning the compensation of executive management, including incentive programs and awards made pursuant thereto. This committee shall also monitor, review and provide guidance in respect of executive management training, development and succession planning.

### *Communication Policy*

The Board approves the content of the Corporation's major communications to shareholders and the investing public including the Annual Report, Management Information Circular, the Annual Information Form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the Management Discussion & Analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the Corporation's external communications with the investment community, the media, customers, suppliers, employees, governments and the general public.

The Board shall have responsibility for reviewing the Corporation's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the Corporation in meeting its objective of timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Corporation's policies relation to communication and disclosure on an annual basis.

Generally, communications from shareholders and the investment community will be directed to the CFO, who will coordinate an appropriate response depending on the nature of the communication. It is expected, if communications from stakeholders are made to individual directors, management will be informed and consulted to determine any appropriate response.

### *Internal Control and Management Information Systems*

The Board has responsibility for the integrity of the Corporation's internal control and management information systems.

All material matters relating to the Corporation and its business require the prior approval of the Board. In particular, capital expenditures or commitments in excess of \$2 million must be approved by the Board in advance. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Corporation's business.

The Audit Committee has responsibility for ensuring internal and disclosure controls are appropriately designed implemented and monitored and for ensuring that management and financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures.