

# Mountain Province Diamonds Inc.

## Mandate of the Board of Directors

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### **A. Role of the Board**

The general mandate of the board of directors (the “Board”) is to supervise the management of the business and affairs of Mountain Province Diamonds (“MPV” or the “Company”) and in doing so acting honestly, in good faith and with a view to the best interests of the Company.

### **B. Composition**

The Board is elected by the shareholders at the annual meeting of the shareholders of the Company. The Board shall appoint the Chair annually from among its non-executive independent members. The Board shall consist of such number of directors as are fixed by the articles of the Company and determined at the annual meeting of the shareholders of the Company.

A majority of the directors shall be independent of management, and, where necessary, appropriate structures and procedures shall be enacted to ensure that the Board can, and in fact does, function independently of management.

### **C. Meetings**

The Board shall meet at least once in each fiscal quarter, and more frequently, as circumstances dictate. Each director has a responsibility to attend and participate in Board meetings. In addition, the Board shall hold either separate, regularly scheduled meetings of independent directors at which members of management are not present, or *in camera* sessions of the independent directors at which members of management are not present after regular Board meetings, as the Chair of the Board determines necessary.

Meetings shall be called as set out in the by-laws of the Company and quorum shall be as determined by the by-laws of the Company.

The Board may invite such officers and employees of the Company as it may see fit from time to time to attend at meetings of the Board and assist in the discussion and consideration of any matter.

### **D. Position Descriptions**

The Board shall develop clear position descriptions for directors, including the Chair of the Board and the Chair of each Board committee. Additionally, the Board, together with the Chief Executive Officer (“CEO”), shall develop a clear position description for the CEO, which includes defining management’s responsibilities. The Board shall also develop or approve the corporate goals and objectives that the CEO is responsible for

meeting.

### **E. Duties and Responsibilities**

The Board is elected by the shareholders and represents all shareholders' interests in continuously creating shareholder value in a socially responsible manner. The following is the mandate of the Board.

1. Advocate and support the best interests of the Company.
2. Review and approve strategic, business and capital plans for the Company and monitor management's execution of such plans.
3. Review whether specific and relevant corporate measurements are developed and adequate controls and information systems are in place with regard to business performance.
4. Review the principal risks of the Company's business and pursue the implementation by management of appropriate systems to manage such risks.
5. Monitor progress and efficiency of strategic, business, and capital plans and require appropriate action to be taken when performance falls short of goals.
6. Review measures implemented and maintained by the Company to ensure compliance with statutory and regulatory requirements.
7. Select, evaluate, and set the compensation of the President and CEO.
8. Annually review appropriate senior management compensation programs.
9. Monitor the practices of management against the Company's disclosure policy to ensure appropriate and timely communication to shareholders of material information concerning the Company.
10. Monitor safety and environmental programs.
11. Monitor the development and implementation of programs for management succession and development.
12. Approve selection criteria for new candidates for directorship.
13. Provide new directors with a comprehensive orientation, and provide all directors with continuing education opportunities.
14. Assure shareholders of conformity with applicable statutes, regulations and standards (for example, environmental risks and liabilities, and conformity with financial statements).
15. Conduct assessments of the effectiveness of the Board as a whole, as well as the effectiveness and contribution of each Board committee and each individual director on a periodic basis.
16. Establish the necessary committees to monitor the Company.

17. Provide advice to and act as a sounding board for the President and CEO.

18. Discharge such other duties as may be required in the good stewardship of the Company.

In addressing its mandate, the Board assumes responsibility for the following approvals:

1. Financial Approvals:

- (i) Strategic plan
- (ii) Annual business and capital plans
- (iii) Annual financial statements and auditors' report
- (iv) Quarterly earnings, and press releases as applicable
- (v) Budgeted capital expenditures
- (vi) Unbudgeted capital expenditures in excess of \$100,000
- (vii) Acquisitions/divestitures
- (viii) Significant financing or refinancing opportunities
- (ix) Dividend policy
- (x) Share re-purchase programs
- (xi) Individual operating, real property or capital leases having total commitments in excess of \$100,000

2. Human Resources Approvals:

- (i) Appointment/succession/dismissal of President and CEO
- (ii) Compensation of President and CEO
- (iii) Executive compensation arrangements and incentive plans

3. Administration and Compliance Approvals:

- (i) Appointment of Board Committees and their Chairs
- (ii) Nomination of Directors
- (iii) Recommendation of Auditors to the Shareholders \*
- (iv) Proxy circular
- (v) Appointment of Chairman
- (vi) Major policies \*

\* Board may delegate to committees

**F. Organizational Matters**

- 1. The procedures governing the Board shall be those in the Bylaws of the Company.
- 2. The Board shall annually review and assess the adequacy of its mandate.
- 3. The Board shall participate in an annual performance evaluation.