

# **Southern Silver Exploration Corp.**

## **Corporate Governance Principles and Guidelines**

Approved and Adopted by the Board of Directors and effective September 22, 2006

The Board of Directors (“Board”) of Southern Silver Exploration Corp. (the “Company”) is responsible for the supervision of the management of the Company and for approving the overall direction of the Company in a manner that is in the best interests of the Company and its stakeholders. The Board will participate fully in assessing and approving strategic plans and material prospective decisions proposed by management. To ensure that the principal business risks that are borne by the Company are appropriate, the Board will receive periodic reports from management on the Company's assessment and management of such risks. The Board will regularly monitor the financial performance of the Company, including receiving and reviewing detailed financial information contained in management reports.

The Board will monitor the activities of the senior management through regular meetings and discussions amongst the Board and between the Board and senior management. The Board will hold regular meetings at least four times per year. Additional meetings will be held to address special items of business.

It is a requirement of these Principles and Guidelines that:

- the Board adopt a Corporate Communications Policy.
- the Board adopt an Audit Committee Charter.
- the Board directly and through its Audit Committee, regularly assess the integrity of the Company's internal control and management information systems.

### **Composition and Independence of the Board of Directors**

These Principles and Guidelines include the concepts that (i) the Board determine the status of each director as an “independent” director, based on the meaning of “independence” in National Instrument 58-101 *Disclosure of Corporate Governance Practices*, (ii) the Board be constituted with a majority of directors who are independent, (iii) the Board examine its size with a view to determining the impact of the number of directors upon the effectiveness of the Board, (iv) the Board establish procedures to enable the Board to function independently of management and (v) the Board implement a system which enables an individual director to engage an outside advisor at the expense of the Company in appropriate circumstances.

### **Committees of the Board of Directors**

These Principles and Guidelines require that (i) committees of the Board generally be composed of independent directors, (ii) the Board expressly assume responsibility, or assign to a committee of directors responsibility, for the development of the Company's approach to governance issues, (iii) the Audit Committee be composed of a majority of independent directors, and (iv) appoint a Compensation and Nomination Committee

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which will review, report and, where appropriate, provide recommendations to the Board on proposing new nominees to the Board and other succession planning matters and, in conjunction with the Board, will monitor the performance and compensation of senior management, and will assess directors on a on-going basis.

### **Limitation of Management’s Responsibilities and Authority**

The mandate of the Chief Executive Officer (“CEO”) is to be responsible for managing the day-to-day operations of the Company, which includes the supervision of the senior management team, the Company’s outside consultants and exploration staff. The CEO is responsible for the implementation of the Company’s corporate objectives and the resolutions of the Board and the appropriate and timely feedback of the results of these efforts.

### **Recruitment of New Directors and Assessment of Board Performance**

These Principles and Guidelines require that, in conjunction with the Compensation and Nomination Committee, (i) the Board implement a process for assessing the effectiveness of the Board and the committees of the Board and the contribution of individual directors, (ii) the Company provide an orientation and education program for new directors, and (iii) the Board review the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director.