

PREMIUM EXPLORATION INC.
(the "Company")

CHARTER OF BOARD OF DIRECTORS

I. INTRODUCTION

1. The primary responsibility of the board of directors of the Company (the "Board") is to foster the long-term success of the Company consistent with Board's fiduciary responsibility to the shareholders to maximize shareholder value.
2. The Board has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board. This Charter is prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

II. COMPOSITION AND BOARD ORGANIZATION

1. Nominees for directors are initially considered and recommended by the corporate governance and nominating committee (the "Corporate Governance and Nominating Committee") of the Board, approved by the entire Board and elected annually by the shareholders of the Company. Generally, former employees and professionals who provided services to the Company are not nominated for at least three years after leaving their employment with the Company.
2. The Board must be comprised of a majority of members who have been determined by the Board to be independent. Generally, a member is independent if the member has no direct or indirect relationship that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Specific criteria are available to assist in this determination.
3. Directors who are not members of management will meet on a periodic basis to discuss matters of interest independent of any influence from management.
4. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their Charter, as amended from time to time.

III. DUTIES AND RESPONSIBILITIES

1. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Subject to the Articles of the Company, the Board retains the responsibility for managing its own affairs, including:

- (a) planning its composition and size;

- (b) selecting its Chairperson;
- (c) nominating candidates for election to the Board;
- (d) determining independence of Board members;
- (e) approving committees of the Board and membership of directors thereon;
- (f) determining director compensation; and
- (g) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

2. **Management and Human Resources**

The Board has the responsibility for:

- (a) the appointment and succession of the Chief Executive Officer of the Company (the "CEO") and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (b) to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
- (c) approving a position description for the CEO;
- (d) reviewing CEO performance at least annually, against agreed-upon written objectives;
- (e) approving decisions relating to senior management, including the:
 - (i) appointment and discharge of officers of the Company;
 - (ii) compensation and benefits for officers of the Company;
 - (iii) acceptance of outside directorships on public companies by executive officers (other than not-for-profit organizations);
 - (iv) annual corporate and business unit performance objectives utilized in determining incentive compensation or other awards to officers; and
 - (v) employment contracts, termination and other special arrangements with executive officers, or other employee groups if such action is likely to have a subsequent material impact on the Company or its basic human resource and compensation policies;
- (f) taking all reasonable steps to ensure succession planning programs are in place, including programs to train and monitor senior management;
- (g) approving certain matters relating to all employees, including:

- (i) new benefit programs or changes to existing programs that would create a significant change in cost to the Company; and
- (ii) benefits granted to retiring employees outside of benefits received under approved pension and other benefit programs.

3. Strategy and Plans

The Board has the responsibility to:

- (a) adopt a strategic planning process and approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks to the business;
- (b) approve capital budgets and related operating plans;
- (c) approve financial and operating objectives used in determining compensation;
- (d) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- (e) approve material divestitures and acquisitions; and
- (f) monitor management's achievements in implementing major corporate strategies and objectives, in light of changing circumstances.

4. Financial and Corporate Issues

The Board has the responsibility to:

- (a) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- (b) monitor operational and financial results;
- (c) approve annual and quarterly financial statements, related management's discussion and analysis and press releases;
- (d) approve the management information circular, annual information form and documents incorporated by reference therein;
- (e) approve any dividends;
- (f) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and trust indentures;
- (g) recommend the appointment of external auditors and approve auditors' fees;
- (h) approve banking resolutions and significant changes in banking relationships;

- (i) approve contracts, leases and other arrangements or commitments that may have a material impact on the Company;
- (j) approve spending authority guidelines; and
- (k) approve the commencement or settlement of litigation that may have a material impact on the Company.

5. Business and Risk Management

The Board has the responsibility to:

- (a) Take all reasonable steps to ensure that management has identified the principal risks of the Company's business and implemented appropriate strategies to manage these risks, understands the principal risks and achieves a proper balance between risks and benefits;
- (b) Review reports on capital commitments and expenditures relative to approved budgets;
- (c) Review operating and financial performance relative to budgets or objectives; and
- (d) Assess and monitor management control systems by evaluating and assessing information provided by management and others (e.g. internal and external auditors) about the effectiveness of management control systems.

6. Policies and Procedures

The Board has responsibility to:

- (a) monitor compliance with all significant policies and procedures by which the Company is operated;
- (b) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (c) provide policy direction to management while respecting its responsibility for day-to-day management of the Company's businesses;
- (d) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct and conflict of interest); and
- (e) develop the Company's approach to corporate governance.

7. Compliance Reporting and Corporate Communications

The Board has the responsibility to:

- (a) take all reasonable steps to ensure the Company has in place effective disclosure and communication processes with shareholders and other stakeholders and financial, regulatory and other recipients, including adoption of a disclosure policy;

- (b) approve interaction with shareholders on all items requiring shareholder response or approval;
- (c) take all reasonable steps to ensure that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (d) take all reasonable steps to ensure that financial results are reported fairly and in accordance with generally accepted accounting principles;
- (e) take all reasonable steps to ensure the timely reporting of any other developments that have significant and material impact on the Company;
- (f) report annually to shareholders on the Board's stewardship for the preceding year (the "Annual Report"); and
- (g) adopt measures for receiving feedback from stakeholders.

IV. GENERAL OBLIGATIONS OF THE BOARD OF DIRECTORS

1. The Board is responsible for:

- (a) directing management to ensure legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) approving changes in the Company's legal structure, Articles, matters requiring shareholder approval, and agendas for shareholder meetings; and
- (c) performing such functions as it reserves to itself or which cannot, by law, be delegated to Committees of the Board or to management.

2. Members of the Board are individually responsible for:

- (a) acting honestly and in good faith with a view to the best interests of the Company and exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (b) committing whatever time may be necessary to fulfill the mandate of the Board. Members should prepare for Board meetings by reviewing the materials sent to them for discussion at the meetings, as well as other material they feel is necessary. Members are expected to attend (in person or by telephone) all meetings of the Board and to participate through asking relevant questions and expressing opinions on items being discussed.

Note: For purposes of this Charter, "material" includes a transaction or a series of related transactions that would, using reasonable business judgment and assumptions, have a meaningful impact on the Company. The impact could be relative to the Company's financial performance and liabilities, as well as its reputation.