

INTRODUCTION

The Board of Directors (the “**Board**”) of Tahoe Resources Inc. (“**Tahoe**”) and its management are committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of Tahoe and discharges such responsibility by reviewing, discussing and approving Tahoe’s strategic planning and organizational structure and overseeing management with a view to preserving and enhancing the underlying value of Tahoe. Management of the business of Tahoe within this process and structure is the responsibility of the Executive Chair, Chief Executive Officer and senior management.

The Board has approved and adopted the following guidelines to assist it in its corporate governance responsibilities.

BOARD RESPONSIBILITIES

BOARD MANDATE

The Board has responsibility for the stewardship of Tahoe and has adopted a formal mandate setting out the Board’s stewardship responsibilities, including the Board’s responsibilities for the appointment of management, management of the Board, strategic planning, monitoring of financial performance, financial reporting, risk management and oversight of Tahoe’s policies and procedures, communications and reporting and compliance.

STRATEGIC PLANNING

The Board is responsible for establishing overall strategy and management is responsible for development and delivery of plans and tactics in order to achieve long term corporate goals. The role of the Board is to review, question and validate, and ultimately to approve the plans and tactics proposed by management. Management will report to the Board on a monthly and quarterly basis, and on other occasions as required, and will review long term strategy with the Board on an annual basis.

SUCCESSION PLANNING

The Board expects management succession planning to be an on-going activity to be periodically reviewed by the Corporate Governance and Nominating Committee and reported on to the Board. This planning process will include, on a continuing basis, the Executive Chair’s and Chief Executive Officer’s recommendations of a successor in the event of an unexpected incapacitation of the Chief Executive Officer.

BOARD COMMUNICATION WITH STAKEHOLDERS

The Board has reviewed and approved a Disclosure Policy for Tahoe. The Disclosure Officers under that Policy are to oversee the content of Tahoe’s major communications to shareholders and the investing public, including quarterly and annual reports, Management’s Discussion and Analysis, proxy circulars, the Annual Information Form and any prospectuses that may be issued. The Board believes it is a function of management to speak for Tahoe in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that the Chair or other individual directors may from time to time be requested by management to assist with such communications. If communications from stakeholders are made to the Chair or other individual directors, management will be informed and consulted to determine any appropriate response.

CORPORATE GOVERNANCE

The Corporate Governance and Nominating Committee is responsible for developing and recommending improvements to these corporate governance guidelines for implementation by the Board.

BOARD ORGANIZATION AND MEMBERSHIP

SELECTION OF EXECUTIVE CHAIR OF THE BOARD

The Executive Chair will be appointed by the Board after consideration of the recommendation of the Corporate Governance and Nominating Committee. The Board has approved and will periodically review a position description for the Chair.

LEAD DIRECTOR CONCEPT

The role of the Lead Director shall be filled by an independent, non-executive director. This person if directed by the Board or at the request of the Executive Chair, shall chair regular meetings of the non-management directors and assume other responsibilities which the non-management directors as a whole have designated.

BOARD SIZE

The Board has determined that it is in the best interests of Tahoe and corporate governance to maintain a Board of between 8 and 10 directors. It is the view of the Board that this size of Board is sufficient to provide a diversity of expertise and opinions and allow effective committee organization given the size of Tahoe, yet small enough to enable efficient meetings and decision-making and maximize full Board attendance. The Board will review its size if a change is recommended by the Corporate Governance and Nominating Committee.

MIX OF DIRECTORS

At all times a majority of the directors will be independent directors. On matters of corporate governance, decisions will be made by the independent directors.

An independent director is a person who is independent pursuant to National Instrument 52-110 of the Canadian Securities Administrators (an extract of which is attached hereto as Schedule A). As a general rule, a director will be considered to be independent if he or she has no direct or indirect material relationship with Tahoe. For this purpose, a "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgement.

The Board will annually review the report of the Corporate Governance and Nominating Committee on its review of the independence of each of the non-management directors.

TERM LIMITS FOR DIRECTORS

The Board has determined that neither fixed term limits nor age limits for directors should be established. The Board is of the view that such a policy would have the effect of forcing directors off the Board who have developed, over a period of service, increased insight into Tahoe and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide on-going input of fresh ideas and views. The Corporate Governance and Nominating Committee is mandated to annually consider recommending changes to the composition of the Board.

CRITERIA FOR BOARD MEMBERSHIP

The Corporate Governance and Nominating Committee is mandated to review annually the competencies, skills and personal qualities applicable to candidates to be considered for nomination to the Board in order to provide, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of Tahoe. All directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders.

SELECTION OF NEW DIRECTOR CANDIDATES

The Corporate Governance and Nominating Committee is mandated to recruit and consider candidates for director and to make recommendations to the Board. Directors are encouraged to identify potential candidates. The Chair and the Chief Executive Officer will be consulted and have input into the process. An invitation to stand as a nominee for election to the Board will normally be made to a candidate by the Board through the Chair or the Chair's delegate.

DIRECTOR ORIENTATION AND EDUCATION

The Corporate Governance and Nominating Committee is mandated to oversee an orientation and education program for new directors and on-going educational opportunities for all directors.

SERVICE ON OTHER BOARDS

Tahoe recognizes that its directors benefit from service on boards of other companies, so long as such service does not significantly conflict with the interests of Tahoe. The Corporate Governance and Nominating Committee will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors for election (or re-election).

INTERLOCKING DIRECTORSHIPS

A director interlock occurs when two of Tahoe's directors also serve together on the board of another public company. Any director interlocks must be pre-approved by Tahoe's Corporate Governance and Nominating Committee.

BOARD COMMITTEES AND TERMS OF REFERENCE

BOARD COMMITTEES

The Board has determined that there should be four committees ("**Committees**"): (i) the Audit Committee, (ii) the Corporate Governance and Nominating Committee, (iii) the Compensation Committee, and (iv) the Health, Safety, Environment and Community Committee. This structure may change as the Board considers from time to time which of its responsibilities can best be fulfilled through detailed review of matters in committee. Each Committee will operate according to a Board-approved written charter outlining its duties and responsibilities. The responsibilities of the Committees will be specified in the Charters for the Committees.

MEMBERSHIP OF COMMITTEES

The Board has determined that the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee will be composed entirely of independent directors. In addition, all members of the Audit Committee will be financially literate within the meaning of applicable securities legislation, rules and policies. The Board will appoint the members of the Committees annually after receipt of recommendations from the Corporate Governance and Nominating Committee and will fill vacancies on the Committees as necessary. Members of the Committees will hold office at the Board's discretion. At its discretion, the Board may appoint the Chair of each Committee.

OVERSIGHT OF COMMITTEE FUNCTIONS

The purpose of the Committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Committee, the Board is ultimately responsible for matters assigned to the Committee. Except as may be explicitly provided in the charter of a Committee or a resolution of the Board, the role of a Committee is to review and make recommendations to the Board with respect to the approval of matters considered by such Committee.

BOARD MEETINGS AND MATERIALS

MEETING AGENDAS

The Chair and the Chief Executive Officer, in consultation with the Corporate Secretary, will develop the agenda for each Board meeting.

MEETING MATERIALS

Meeting materials will be provided to directors before each Board meeting in sufficient time to ensure adequate opportunity exists for review. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written materials in advance.

NON-DIRECTORS AT BOARD MEETINGS

The Board believes there is value in having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Attendance by senior management will be determined by the Chief Executive Officer with the concurrence of the Chair. Management attendees will be excused for any agenda items that are reserved for discussion among directors only.

EXECUTIVE SESSIONS OF DIRECTORS AND NON-MANAGEMENT DIRECTORS

The Board has determined that a session of the independent directors will be held in conjunction with every regular meeting of the Board.

DIRECTOR COMPENSATION AND SHARE OWNERSHIP

DIRECTOR COMPENSATION

The Board has determined that the directors should be compensated in a form and amount which is appropriate and which is customary for comparative companies, having regard for such matters as time commitment, responsibility and trends in director compensation. The Compensation Committee is mandated to review the compensation of the directors on an annual basis.

SHARE OWNERSHIP BY DIRECTORS

All directors are required to have a significant long-term financial interest in Tahoe to align their interests with those of the shareholders. Directors shall own shares having a total acquisition cost or value not less than three times the annual director retainer (for greater clarity, this amount excludes committee chair fees and annual share allotment). Directors will be provided a period of two years following initial election to achieve this requirement.

BOARD'S RELATIONSHIP WITH MANAGEMENT

BOARD'S RELATIONSHIP WITH MANAGEMENT

The Board will support and encourage members of management in the performance of their duties. Management will make appropriate use of the Board's skills before decisions are made on key issues. The Corporate Governance and Nominating Committee will review and assess the Board's relationship to management.

LIMITS TO MANAGEMENT AUTHORITY

The Board will establish general authority guidelines that place limits on management's approval authority depending on the nature and size of the proposed transaction. These limits anticipate that some flexibility exists within approved budgets but that transactions outside defined limits require approval by the Board or an appropriate committee.

EVALUATION OF THE CHIEF EXECUTIVE OFFICER

The Compensation Committee will conduct an annual review of the performance of the Chief Executive Officer against goals and objectives which have been established by that Committee and will review, assess and recommend the compensation of the Chief Executive Officer to the Board for approval. The results of the review will be communicated to the Chief Executive Officer by the Chair of the Board and/or the chair of the Compensation Committee.

DIRECTOR ACCESS TO MANAGEMENT

All directors will have open access to Tahoe's senior management for relevant information. Written communications from directors to members of management will be copied to the Chief Executive Officer or, in the case of accounting and financial matters, the Chief Financial Officer. Individual directors are encouraged to make themselves available for consultations with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

DIRECTOR RESPONSIBILITIES AND PERFORMANCE

DIRECTOR RESPONSIBILITIES

Directors are expected to use their skill and experience to provide oversight to the business of Tahoe. Directors have a duty to act honestly and in good faith with a view to the best interests of Tahoe and to exercise the care, diligence and skill that a reasonably prudent person would in comparable circumstances.

Directors are expected to attend all Board and committee meetings in person. It is acceptable, on an infrequent basis, for directors to participate in such meetings by conference call if attendance in person is not possible. A director will notify the Chair of the Board or committee or the Corporate Secretary if the director will not be able to attend or participate in a meeting.

Directors are expected to review and be familiar with Board and committee materials which have been provided in sufficient time for review prior to a meeting. Directors are to advise the Board or Committee Chair of matters which they believe should be added to a meeting agenda.

OUTSIDE ADVISORS FOR INDIVIDUAL DIRECTORS

The Board has determined that any director who wishes to engage a non-management advisor to assist on matters involving the responsibilities as a director at the expense of Tahoe should review the request with, and obtain the authorization of the Corporate Governance and Nominating Committee and the Chief Executive Officer.

ASSESSMENT OF BOARD AND INDIVIDUAL DIRECTOR PERFORMANCE

The Corporate Governance and Nominating Committee is responsible for making an annual assessment of the overall performance and effectiveness of the Board and each Committee, each Committee Chair and each director and reporting on such assessments to the Board. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement.

ETHICS AND CONFLICTS OF INTEREST

The Board expects directors as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising Tahoe's Code of Business Conduct. The Board will not permit any waiver of any ethics policy with respect to any director or executive officer.

In addition to the statutory responsibilities of directors to disclose all actual or potential conflicts of interest and generally to refrain from voting on matters in which the director has a conflict of interest, the director will excuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

SCHEDULE A

BCSC NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES

1.3 Meaning of Affiliated Entity, Subsidiary Entity and Control

- (1) For the purposes of this Instrument, a person or Corporation is considered to be an affiliated entity of another person or Corporation if
 - (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or Corporation, or
 - (b) the person is an individual who is
 - (i) both a director and an employee of an affiliated entity, or
 - (ii) an executive officer, general partner or managing member of an affiliated entity.

1.4 Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

- (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 Additional Independence Requirements

- (1) Despite any determination made under section 1.4, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for

- acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
- (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
- (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service."