

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

- A. The Silver Wheaton Corp. (“Silver Wheaton” or the “Company”) Board of directors (the “Board”) has a primary responsibility to foster the short and long-term success of the Company and is accountable to the shareholders.
- B. The directors are stewards of the Company. The Board has the responsibility to oversee the conduct of the Company's business and to supervise management, which is responsible for the day-to-day operation of the Company. In supervising the conduct of the business, the Board, through the Chief Executive Officer (the “CEO”) sets the standards of conduct for the Company.
- C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

II. COMPOSITION AND BOARD ORGANIZATION

- A. Nominees for directors are initially considered and recommended by the Board’s Governance and Nominating Committee in conjunction with the Board Chair and Lead Director, approved by the entire Board and elected annually by the shareholders.
- B. A majority of directors comprising the Board must qualify as independent¹ directors.
- C. Certain of the Board's responsibilities may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference.

¹ The definition of an independent director is in Tab A-8, Board Guidelines.

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III. DUTIES AND RESPONSIBILITIES

A. 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. The legal obligations of the Board are described in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Company, the Board retains the responsibility for managing its own affairs, including:

- i) annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction and approving a Board composition plan recommended by the Governance and Nominating Committee;
- ii) appointing, determining the composition of and setting the terms of reference for, Board committees;
- iii) determining and implementing an appropriate process for assessing the effectiveness of the Board, the Board Chair and CEO, committees and directors in fulfilling their responsibilities;
- iv) assessing the adequacy and form of director compensation;
- v) assuming responsibility for the Company's governance practices;
- vi) establishing new director orientation and ongoing director education processes;
- vii) ensuring that the independent directors meet regularly without executive directors and management present;
- viii) setting the terms of reference for the Board; and
- ix) appointing the secretary to the Board.

B. Human Resources

The Board has the responsibility to:

- i) provide advice and counsel to the CEO in the execution of the CEO's duties;

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- ii) appoint the CEO and plan CEO succession;
- iii) set terms of reference for the CEO;
- iv) annually approve corporate goals and objectives that the CEO is responsible for meeting;
- v) monitor and, at least annually, review the CEO's performance against agreed upon annual objectives;
- vi) to the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the Company;
- vii) set the CEO's compensation;
- viii) approve the CEO's acceptance of significant public service commitments or outside directorships;
- ix) approve decisions relating to senior management, including:
 - a) review senior management structure including such duties and responsibilities to be assigned to officers of the Company;
 - b) on the recommendation of the CEO, appoint and discharge the officers of the Company who report to the CEO;
 - c) review compensation plans for senior management including salary, incentive, benefit and pension plans; and
 - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- x) approve certain matters relating to all employees, including:
 - a) the Company's broad compensation strategy and philosophy;
 - b) new benefit programs or material changes to existing programs; and

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- xi) ensure succession planning programs are in place, including programs to train and develop management.

C. Strategy and Plans

The Board has the responsibility to:

- i) adopt and periodically review a strategic planning process for the Company;
- ii) participate with management, in the development of, and annually approve a strategic plan for the Company that takes into consideration, among other things, the risks and opportunities of the business;
- iii) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- iv) direct management to develop, implement and maintain a reporting system that accurately measures the Company's performance against its business plans;
- v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company; and
- vi) approve material divestitures and acquisitions.

D. Financial and Corporate Issues

The Board has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- ii) review and approve release by management of any materials reporting on the Company's financial performance or providing guidance on future results to its shareholders and ensure the disclosure accurately and fairly reflects the state of affairs of the Company, and is in accordance with generally accepted accounting principles, including interim results press releases and interim financial statements, any guidance provided by the Company on

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- future results, Company information circulars, annual information forms, annual reports, offering memorandums and prospectuses;
- iii) declare dividends;
 - iv) approve financings, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and recommend changes in authorized share capital to shareholders for their approval;
 - v) approve the incurring of any material debt by the Company outside the ordinary course of business;
 - vi) approve the commencement or settlement of litigation that may have a material impact on the Company; and
 - vii) recommend the appointment of external auditors and approve auditors' fees.

E. Business and Risk Management

The Board has the responsibility to:

- i) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- ii) approve any plans to hedge sales; and
- iii) evaluate and assess information provided by management and others about the effectiveness of risk management systems.

F. Policies and Procedures

The Board has the responsibility to:

- i) approve and monitor, through management, compliance with all significant policies and procedures that govern the Company's operations;
- ii) approve and act as the guardian of the Company's corporate values, including:

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- a) approve and monitor compliance with a Code of Business Conduct and Ethics for the Company and ensure it complies with applicable legal or regulatory requirements, such as relevant securities commissions;
 - b) require management to have procedures to monitor compliance with the Code of Business Conduct and Ethics and report to the Board through the Audit Committee; and
 - c) disclosure of any waivers granted from a provision of the Code of Business Conduct and Ethics in a manner that meets or exceeds regulatory requirements.
- iii) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
 - iv) periodically review the Company's Environmental, Health and Safety Policy and regularly review the Company's Environmental, Health and Safety Reports.

G. Compliance Reporting and Corporate Communications

The Board has the responsibility to:

- i) ensure the Company has in place effective communication processes with shareholders and other stakeholders and financial, regulatory and other recipients;
- ii) approve and periodically review the Company's communications policy;
- iii) ensure the Board has measures in place to receive feedback from shareholders;
- iv) approve interaction with shareholders on all items requiring shareholder response or approval;
- v) ensure the Company's financial performance is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

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- vi) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- vii) ensure the CEO and CFO certify the Company's annual and interim financial statements, annual and interim MD&A and Annual Information Form, and that the content of the certification meets all legal and regulatory requirements;
- viii) ensure timely reporting of any other developments that have a significant and material effect on the Company; and
- ix) report annually to the shareholders on the Board's stewardship for the preceding year.

IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A. The Board is responsible for:
 - i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained; and
 - ii) recommending changes in the Articles and By-laws, matters requiring shareholder approval, and setting agendas for shareholder meetings.
- B. Ontario law identifies the following as legal requirements for the Board:
 - i) act honestly and in good faith with a view to the best interests of the Company, including the duty:
 - a) to disclose conflicts of interest;
 - b) not to appropriate or divert corporate opportunities;
 - c) to maintain confidential information of the Company and not use such information for personal benefit; and
 - d) disclose information vital to the business of the Company in the possession of a director;

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- ii) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and
- iii) act in accordance with the *Business Corporations Act (Ontario)* and any regulations, by-laws and unanimous shareholder agreement.