



SILVER DRAGON RESOURCES INC.

BOARD MANDATE

Mandate of the Board of Directors

The board of directors (the “Board”)oversees the management of the affairs and business of the Silver Dragon Resources. The Board’s principal responsibilities are to supervise and evaluate management, to oversee the conduct of Silver Dragon Resources’ business, to set policies appropriate for the business and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.

In discharging its duty of stewardship over Silver Dragon Resources, the Board expressly undertakes the following specific duties and responsibilities:

- (i) The Board monitors financial performance and considers, reviews and approves all significant strategic decisions, including all major decisions relating to acquisitions, divestitures and financing. The Board expects Silver Dragon Resources’ senior officers to manage the business on a day-to-day basis and to keep the Board informed of all significant developments affecting the corporation. The Board receives from management regular reports on the Silver Dragon Resources’ compliance with various legal requirements and internal control procedures, operational/management reports and any other relevant reports.
- (ii) Silver Dragon Resources’ overall strategy is developed by management and is reviewed annually by the Board which considers the business and political risks and opportunities inherent in it.
- (iii) The Board identifies the principal risks to Silver Dragon Resources, and reviews and assesses the methods and systems for managing such risks. In particular, the Audit Committee is responsible for reviewing the adequacy of the systems for identifying and managing financial risks.
- (iv) The Board regularly considers the integrity, quality and continuity of management required to achieve Silver Dragon Resources’ goals. The Board is responsible for reviewing succession planning, senior management development and the performance of management against their annual objectives. Annually, the Compensation Committee measures management’s performance and total compensation against the objectives set in the annual budget.
- (v) The Board annually reviews the corporation’s relations with shareholders, employees, financial analysts, the media and other stakeholders. The President and CEO is responsible for ensuring the consistency and accuracy of information released to analysts and others and that all such information is in the public domain.

- (vi) The Audit Committee reviews and provides recommendations to the Board on the adequacy of the internal controls. Management and external auditors provide to the Audit Committee regular reports on the corporation's control environment.

Composition of the Board of Directors

The corporation currently has five directors, two of whom, Messrs. MacMullin and McAlpine, qualify as unrelated directors and are independent of management and free from any interest or business relationship which could, or could be perceived to, materially interfere with their ability to act in the best interests of Silver Dragon Resources. The Board intends to recruit one or more additional independent directors in due course.

Board Independence

The Chairman and President and CEO of Silver Dragon Resources is an active member of the Board. In due course, the Board expects to appoint an independent chairman. The Board believes that adequate structures and processes are in place to facilitate the functioning of the Board independently of its management.

Committees of the Board of Directors

There are currently three standing committees of the Board: the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

The Audit Committee was established to assist the Board in fulfilling its oversight responsibilities in the following principal areas: (1) accounting policies and practices, (2) the financial reporting process, (3) financial statements provided by Silver Dragon Resources to the public, (4) risk management including systems of accounting and financial controls, (5) appointing, overseeing and evaluating the work and independence of the external auditors, and (6) compliance with applicable legal and regulatory requirements. The Audit Committee currently consists of Mr. MacMullin (Chair) and Mr. McAlpine, both of whom are considered independent. A third member will be appointed in due course. The Audit Committee has adopted a written charter which is available on Silver Dragon Resources' website at www.silverdragonresources.com or upon request to the corporation's Corporate Secretary.

The Compensation Committee is responsible for setting and administering the policies and programs that govern both annual compensation and stock option programs for the executive officers and directors of Silver Dragon Resources. The Compensation Committee is also responsible for providing oversight with regard to the corporation's various programs of compensation, including all incentive plans, stock option plans and stock purchase plans. The Compensation Committee currently consists of Mr. McAlpine (Chair) and Mr. MacMullin, both of whom are considered independent. A third member will be appointed in due course. The Compensation Committee has adopted a written charter which is available on Silver Dragon Resources' website at www.silverdragonresources.com or upon request to the corporation's Corporate Secretary.

The Corporate Governance and Nominating Committee was established to assist the Board in its responsibilities relating to reviewing the Silver Dragon Resources's operational compliance with applicable legal requirements and sound ethical standards. The Corporate Governance and Nominating Committee currently consists of Mr. McAlpine (Chair) and Mr. MacMullin, both of whom are considered independent. A third member will be appointed in due course. The Corporate Governance and Nominating Committee has adopted a written charter which is available on Silver Dragon Resources' website at www.silverdragonresources.com or upon request to the corporation's Corporate Secretary.

Corporate Governance Principles

The Board is committed to the achievement of business success and the enhancement of long-term shareholder value with the highest standards of integrity and ethics. In that regard, the Board has adopted a Corporate Governance and Nominating Committee Charter and Corporate Governance Principles to provide an effective corporate governance framework for Silver Dragon Resources, intending to reflect a set of core values that provide the foundation for the corporation's governance and management systems and its interactions with others. A copy of the Corporate Governance Charter and the Corporate Governance Principles are available on the Silver Dragon Resources website at www.silverdragonresources.com or upon request to the Corporate Secretary.

Code of Ethics

Silver Dragon Resources has adopted a Code of Conduct and Ethics for its officers, employees and consultants, and a Financial Management Code of Conduct for its CEO, CFO and senior financial personnel. These Codes are available on the Silver Dragon Resources website at www.silverdragonresources.com or upon request to the Corporate Secretary.

Decisions Requiring Prior Approval by the Board

The Board has delegated the day-to-day management of the business and affairs of the Silver Dragon Resources to the President and CEO. Prior approval by the Board is also required in many specific instances under the law of Delaware, securities legislation, and the by-laws, rules and policies of the TSX.

Shareholder Feedback and Concerns

Silver Dragon Resources conducts an active shareholder relations program under the direction of its president and CEO, and its vice president, investor relations. The program involves meeting with investors, brokers and analysts with respect to announcements by the corporation. Shareholders are informed of developments by the issuance of timely press releases.

Management of Silver Dragon Resources routinely make themselves available to shareholders to respond to questions and concerns. Shareholder queries are dealt with on an individual basis, usually by providing requested information. Significant shareholder concerns are brought to the attention of the management of the Silver Dragon Resources or the Board.

Expectations of Management

The Board expects management of the Silver Dragon Resources to conduct the business of the corporation in accordance with its ongoing strategic plan and to meet or surpass the annual and long-term goals of the corporation set by the Board in consultation with management. As part of its annual strategic planning process, the Board intends to set expectations of management both over the next financial year and in the context of the Silver Dragon Resources long-term goals.

Public Disclosure

This mandate shall be included on Silver Dragon Resources' website and the mandate and/or a reference thereto may be included in the corporation's public continuous disclosure record as may be required by applicable securities laws or as deemed advisable by management of the Silver Dragon Resources.

November 4, 2010