



## **ELEMENT 29 RESOURCES INC.**

### **MANDATE OF THE BOARD OF DIRECTORS**

As Adopted by the Board of Directors on July 8<sup>th</sup>, 2019

#### **I. ROLE AND RESPONSIBILITIES**

1. The Board of Directors (the “Board”) is responsible for the stewardship of Element 29 Resources Inc. (the “Company”). This requires the Board to oversee the conduct of the business and supervise management, which is responsible for the day-to-day conduct of the business.
2. The Board is responsible for the adoption of a strategic planning process and the approval and review, at least annually, in an all-day in person strategy session to review the Company’s strategic business plan proposed by management, including a statement of the vision, mission and values, and to adopt such a plan with such changes as the Board deems appropriate. The plan and discussion which takes into account, among other things, the opportunities and risks of the business must be presented to the Board so as to provide enough time for management to resubmit and review the plan and incorporate a budget that takes into account the strategic objectives of the Company.
3. The Board shall hold meetings at least four times a year.
4. The Board shall review and measure corporate performance against strategic plans, senior management objectives, financial plans and quarterly budgets.
5. The Board is responsible for the identification of the principal risks of the Company’s business and overseeing the implementation of appropriate systems to manage these risks.
6. The Board is responsible for succession planning, including appointing, training and monitoring senior management and, in particular, the CEO.
7. The Board is responsible for satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and the other senior officers create a culture of integrity throughout the Company.

8. The Board is responsible for the Company's communication policies, which:
  - (a) address how the Company interacts with analysts, investors, other key stakeholders and the public;
  - (b) contain measures for the Company to comply with its continuous and timely disclosure obligations and to avoid selective disclosure; and
  - (c) are reviewed at least annually.
9. The Board is responsible for the integrity of the Company's internal control and management information systems.
10. The Board is responsible for acting in accordance with all applicable laws, the Company's Articles and the Company's Code of Business Conduct and Ethics.
11. The Board and each individual director is responsible for acting in accordance with the obligations imposed by the *Business Corporations Act* (British Columbia). In exercising their powers and discharging their duties, each director shall:
  - (a) act honestly and in good faith with a view to the best interests of the Company;
  - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
  - (c) exercise independent judgement regardless of the existence of relationships or interests which could interfere with the exercise of independent judgement;
    - (i) disclose to the Company, in writing or by having it entered in the minutes of meetings of directors, the nature and extent of any interest that the director has in a material contract or material transaction, whether made or proposed, with the Company if the director is a party to the contract or transaction, is a director or officer, or an individual acting in a similar capacity, of a party to the contract or transaction, or, has a material interest in a party to the contract or transaction; and
    - (ii) such director shall refrain from voting on any resolution to approve such contract or transaction unless it relates to the directors' remuneration in that capacity, is for the directors'

indemnity or insurance or is a contract or transaction with an affiliate; and

- (d) demonstrate a willingness to listen as well as to communicate their opinions, openly and in a respectful manner.
12. The Board and each individual director is responsible for making all reasonable efforts to attend meetings of the Board as required, and to review in advance all meeting materials distributed in connection therewith.
13. The Board has the authority to appoint a managing director or to establish committees and appoint directors to act as managing director or to be members of these committees. The Board may not delegate to such managing director or committees the power to:
- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
  - (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
  - (c) issue securities, except as specifically authorized by the directors;
  - (d) issue shares of a series, except as specifically authorized by the directors;
  - (e) declare dividends;
  - (f) purchase, redeem or otherwise acquire shares issued by the Company;
  - (g) pay a commission to any person in consideration of his purchasing or agreeing to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - (h) approve a management proxy circular, take-over bid circular or directors' circular;
  - (i) approve financial statements to be put before an annual meeting of shareholders; and
  - (j) adopt, amend or repeal bylaws.
14. The matters to be delegated to committees of the Board and the constitution of such committees are to be assessed annually or more frequently, as circumstances require. From time to time the Board may create an ad hoc

committee to examine specific issues on behalf of the Board. The following are the current committees of the Board:

- (a) the Audit Committee, consisting of not less than three directors, each of whom must be an “unrelated or “independent” director under applicable securities laws and stock exchange rules. The role of the Audit Committee is to provide oversight of the Company’s financial management and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Company, its subsidiaries and associated companies;
- (b) the Corporate Governance and Nominating Committee, consisting of not less than three directors, each of whom must be an “unrelated” or “independent” director under applicable securities laws and stock exchange rules. The role of the Corporate Governance and Nominating Committee is to:
  - (i) develop and monitor the effectiveness of the Company’s system of corporate governance;
  - (ii) establish procedures for the identification of new nominees to the Board and lead the candidate selection process;
  - (iii) develop and implement orientation procedures for new directors;
  - (iv) assess the effectiveness of directors, the Board and the various committees of the Board;
  - (v) ensure appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the Board, and its committees; and
  - (vi) assist the Board in setting the objectives for the CEO and evaluating CEO performance; and
- (c) the Compensation Committee, consisting of not less than three directors, each of whom must be an “unrelated or “independent” director under applicable securities laws and stock exchange rules. The role of the Compensation Committee is to:
  - (i) establish a remuneration and benefits plan for directors, senior management and other key employees;
  - (ii) review the adequacy and form of compensation of directors and senior management;

- (iii) establish a plan of succession;
- (iv) undertake the performance evaluation of the CEO in consultation with the Chair of the Board, if not the CEO; and
- (v) make recommendations to the Board.

## **II. COMPOSITION**

1. From time to time the Board or an appropriate committee of the Board shall review the size of the Board to ensure that the size facilitates effective decision-making.
2. The Board shall be composed of a majority of directors who qualify as “unrelated” or “independent” directors under applicable securities laws and applicable stock exchange rules. The determination of whether an individual director is “unrelated” or “independent” is the responsibility of the Board.
3. If at any time the Company has a shareholder with the ability to exercise a majority of the votes for the election of the Board, such as a control person, (a “Significant Shareholder”), the Board will include a number of directors who do not have interests in or relationships with either the Company or such Significant Shareholder and who fairly reflects the investment in the Company by shareholders other than such Significant Shareholder.
4. The Board should, as a whole, have the following competencies and skills:
  - (a) knowledge of the mining industry;
  - (b) knowledge of current corporate governance standards;
  - (c) technical and market knowledge sufficient to understand the challenges and risks associated with the development of the Company; and
  - (d) financial and accounting expertise.

## **III. PROCEDURES TO ENSURE EFFECTIVE OPERATION**

1. The Board recognizes the importance of having procedures in place to ensure the effective and independent operation of the Board.
2. If the Chair of the Board is not a member of management, the Chair shall be responsible for overseeing that the Board discharges its responsibilities. If the Chair is a member of management, responsibility for overseeing that the Board discharges its responsibility shall be assigned to a non-management director.

3. The Board has complete access to the Company's management. The Board shall require timely and accurate reporting from management and shall regularly review the quality of management's reports.
4. An individual director may engage an external adviser at the expense of the Company in appropriate circumstances. Such engagement is subject to the approval of the Corporate Governance and Nominating Committee.
5. The Board shall provide an orientation and education program for new recruits to the Board as well as continuing education on topics relevant to all directors.
6. The Board shall institute procedures for receiving shareholder feedback.
7. The Board requires management to run the day-to-day operations of the Company, including internal controls and disclosure controls and procedures.
8. The non-management directors shall meet at least twice yearly without any member of management being present.
9. The Board sets appropriate limits on management's authority. Accordingly, the following decisions require the approval of the Board:
  - (a) the approval of the annual and quarterly (unless delegated to the Audit Committee) financial statements;
  - (b) the approval of the annual budget;
  - (c) any equity or debt financing, other than debt incurred in the ordinary course of business such as trade payables;
  - (d) entering into any license, strategic alliance, partnership or other agreement outside the ordinary course of business;
  - (e) the acquisition and assignment of material assets (including intellectual property and fixed assets) outside of the ordinary course of business;
  - (f) payment of dividends;
  - (g) the approval of all proxy solicitation material;
  - (h) projected issuances of securities from treasury by the Company as well as any projected redemption of such securities;
  - (i) any material change to the business of the Company;
  - (j) the appointment of members on any committee of the Board;

- (k) capital or operating expenditures in excess of CAD\$50,000 outside of the annual budget;
  - (l) entering into any contractual engagements where the fee is likely to exceed CAD\$250,000 outside of the annual budget.
  - (m) the appointment or discharge of any senior officer of the Company;
  - (n) entering into employment contracts with any senior officers; and
  - (o) initiating or defending any law suits or other legal actions.
10. The Board, together with the CEO and with the assistance of the Corporate Governance and Nominating Committee, shall develop position descriptions for the CEO. The Board, together with the CEO, shall also approve or develop the corporate objectives that the CEO is responsible for meeting and the Board shall assess the CEO against these objectives.