

# FIBRESOURCES CORPORATION

1287 Scarborough Road, PO Box 100, Bowen Island, BC V0N 1G0

## Form 58-101F2 – Corporate Governance Disclosure (Venture Issuers)

### CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors (Board), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* (NP 58-201) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

#### Board of Directors

The Board is currently composed of only two directors, namely Mr. Edgar Froese and Mr. George Lai.

NI 58-101 suggests that the Board of a public company should have at least three members, and be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NP 58-101 suggests that the Board should include a number of directors who do not have interests in either the company or the significant shareholder. Neither Mr. Froese nor Mr. Lai is independent in that Mr. Froese is the Chief Executive Officer and Mr. Lai is the Chief Financial Officer of the Company.

At present, the Company recognizes that its Board is not in compliance with NP 58-201, in that it does not have at least three members of whom a majority are considered independent. Upon the Company receiving a revocation to the outstanding cease trade orders against the Company, it intends to appoint two or more independent directors, thereby enabling the Company to comply with applicable regulations, and also enable the directors to properly exercise their responsibilities for independent oversight of management (including meeting independently of management whenever deemed necessary).

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial years ended January 31, 2018 or 2019.

#### Directorships

Neither Mr. Froese nor Mr. Lai currently serves as a director or officer of any other reporting issuer.

#### Orientation and Continuing Education

New directors are briefed on the Company’s overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company’s size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company’s operations warrants it, a formal orientation process will be implemented.

The Board should be comprised of individuals with varying backgrounds, who have, collectively, the experience to run and manage a public company, particularly in the natural resource sector. Board members are encouraged to communicate with management and auditors to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company's records. The directors have ready access to the Company's legal counsel for updates to securities legislation and policies.

### **Ethical Business Conduct**

The Board has not adopted a written Code of Ethical Conduct for its directors, officers or employees at this time. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates in the best interests of the Company and its shareholders.

In addition, should some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors**

The Board determines new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees should have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. As the Company progresses as a business enterprise, the Board will consider its size on an annual basis when it considers the number of directors to recommend to shareholders for election at annual general meetings, taking into account the number required to carry out the Board's duties effectively and to maintain diversity of view and experience.

### **Compensation**

Presently, compensation of the Company's directors and CEO is determined by the Board. Given the Company's lack of financial resources, any amounts are currently being accrued. No compensation is paid to the directors in their roles as such. The process for determining compensation is made by discussion among the Board, having reference to the Company's current state of affairs (including being cease traded and without cash funds). As the Company progresses as a business enterprise, the Board will consider appropriate factors such as comparable compensation paid by other like companies, and what will be required to entice and retain qualified persons.

### **Board Committees**

The Company currently has only an Audit Committee in place.

### **Assessments**

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of any individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.