

## CORPORATE GOVERNANCE

### 1. Board of Directors

- (i) 4 of the 5 members of the Board are independent: Robert Marsh, Robert van Santen, Annie Storey and Christopher Hoffmeister.
- (ii) The non-independent director is Bruce Clark (Chief Executive Officer).

### 2. Directorships

Certain directors are also directors of other public companies as follows:

Director	Public Company
Annie Storey	Bell Copper Corporation, TSXV: BCU

### 3. Orientation and Continuing Education

Orientation and education of new members of the Board is conducted informally by management and members of the Board. The orientation provides background information on the Company's history, performance and strategic plans.

### 4. Ethical Business Conduct

The Company aims to conduct its business in accordance with the highest ethical and legal standards. To assist the Company in achieve this, the Code of Business Conduct and Ethics (the "Code") documents the principles of conduct and ethics to be followed by employees, officers and directors of the Company. The Code is designed to deter wrongdoing and to: promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict; promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company submits to the regulatory authorities and communicates to the public; promote compliance with applicable governmental laws, rules and regulations; promote prompt internal reporting of violations of the Code to an appropriate person identified in the Code; promote accountability for adherence to the Code; provide guidance to employees, officers and directors to help them recognize and deal with ethical issues; provide mechanisms to report unethical conduct; and help foster the Company's culture of honesty and accountability.

The Code applies to all employees, officers and directors of the Company and its subsidiaries. Major contractors and third-party vendors also are expected to meet the standards contained in the Code

## **5. Nomination of Directors**

In identifying and recommending candidates, the Directors shall take into consideration such factors as they deem appropriate, including judgement, skill, diversity, experience with businesses and other organizations of comparable size and the need for particular expertise on the Board.

In the event of a vacancy in the office of a director (except a vacancy created by an increase in the size of the Board or a failure to elect the minimum number of directors provided for in the Articles), the Directors shall recommend a candidate to fill such vacancy either through appointment by the Board or through election by the shareholders.

## **6. Compensation**

Management shall establish the Company's general compensation philosophy, and oversee the development and implementation of compensation programs in order to support the Company's overall business objectives, attract and retain key executives and provide appropriate compensation at a reasonable cost while enhancing shareholder value creation.

Management shall review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and set the CEO's compensation level based on this evaluation, subject to the approval of the Board. In determining the long-term incentive component of CEO compensation, Management shall consider, among other factors, the terms of CEO's employment agreement, the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years.

Management shall review, approve and recommend any compensation and compensation programs applicable to the Board. In undertaking such review the Board will:

- (a) obtain compensation data concerning companies that would be regarded as comparable to the Company, and, to the extent possible, understand the basis upon which such comparable companies compensate senior management;
- (b) ensure that the CEO has a policy of meeting with senior management from time to time with a view to understanding personal needs, requirements and expectations and monitor the Company's responsiveness to the concerns of senior management; and
- (c) document proceedings and decisions with a view to justifying, to the extent necessary, decisions that have been reached to shareholders and other key stakeholders.

The Board will review and approve stock option grant guidelines proposed by management (taking into account the limits of Stock Option Plans requiring shareholder approval).

Management may recommend to the Board, from time to time, the remuneration to be paid by the Company to directors in light of time commitment, fees paid by comparable companies and responsibilities.

The Board will review executive compensation disclosure before the Company publicly discloses this information.

The Board will keep abreast of current developments in executive compensation in companies engaged in similar industries.

**7. Other Board Committees**

The Board has no other committees other than the Audit Committee.

**8. Assessments**

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its audit committee, the Board examines the effectiveness of the Company's internal control processes and management information systems.