



## **CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

### **Purpose**

Corporate Governance is the process and structure used to supervise the business and affairs of the Company with the objective of enhancing shareholder value and ensuring financial viability of the business.

The Committee has been established, in part, to ensure that the Company has a focus on corporate governance that will enhance corporate performance and to ensure on behalf of the Board and shareholders that the Company's corporate governance system is effective. The Committee will assist the Board in fulfilling its general oversight responsibilities and fiduciary obligations by:

- developing, reviewing and planning the Company's approach to corporate governance issues, including the public disclosure of the Company's corporate governance practices;
- setting objectives for the Chief Executive Officer (the "CEO") and evaluating the CEO's performance; and
- monitoring management's succession plan for the CEO and other senior management.

The Committee will also ensure that the Company has a process in place for identifying, recruiting, nominating, appointing and reapproving directors, and providing ongoing development for directors.

### **Composition and Qualifications**

The Committee shall be comprised of not less than three directors as determined from time to time by the Board, all of whom shall be independent directors within the meaning of applicable securities legislation such that they are free from any relationship that would interfere with the exercise of his or her independent judgement. The Board shall designate the Chair of the Committee.

Each member of the Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board may fill a vacancy at any time.

### **Meetings**

The Chair of the Committee, following consultation with Committee members, shall determine the schedule and frequency of the Committee meetings provided that the Committee shall meet a minimum of twice a year including once prior to the Board meeting to approve the Company's Statement of Corporate Governance Practices and Report on Executive Compensation contained in the management information circular for the Company's Annual Meeting. Additional meetings will



be scheduled as required in response to specific circumstances. A majority of the members of the Committee shall constitute a quorum for meetings.

The Chair of the Committee shall develop and set the Committee's agenda in consultation with members of the Committee, the Board and management. An agenda for each meeting will be disseminated to Committee members as far in advance of each meeting as is practicable and minutes of each meeting shall be prepared and approved at or prior to the next following meeting.

### **Specific Duties and Responsibilities**

The Committee is mandated to carry out the following responsibilities:

**1. Approval of Independent Advice for Directors**

The Committee shall consider and approve, if appropriate, requests by individual directors to engage external special advisors and approve the necessary funding to compensate such advisors.

**2. Organization Structure**

The CEO has the responsibility for the organizational structure of the Company and its management team and to present to the Committee an assessment of its effectiveness and any proposed changes of a significant or strategic nature.

The Committee shall monitor and report to the Board on the organizational structure of the Company's management, including an assessment of the effectiveness of the structure, and any organizational changes proposed by the CEO.

**3. Succession Planning**

The Committee shall monitor management's succession plan for the CEO and other senior management, review potential candidates for such positions, and report to the Board with recommendations on candidates and succession planning issues.

**4. Corporate Governance**

The Committee shall:

- (a) review and assess the adequacy of the Company's corporate governance system annually and report to the Board, which report shall include any recommendations regarding the Company's corporate governance practices which the Committee deems appropriate;
- (b) review the disclosure of the Company's system of governance to be contained in the Company's annual report or management information circular to ensure it constitutes full



and complete disclosure of such system in response to the TSX Venture Exchange Corporate Governance Guidelines and other legal and regulatory requirements;

- (c) review, approve and report on: (i) legislation affecting the duties, responsibilities and potential liability of directors; and (ii) engagement of outside advisors for individual Board members or by committees following notice to the Chair of the Board;
- (d) review and recommend for approval procedures for dealing with shareholder proposals received by the Company and as required, assess the merits of any such proposals and develop and recommend the Company's response;
- (e) review and report to the Board on the necessity or advisability of appointing an independent committee to evaluate and confirm to the Board the fairness of any material transaction involving the Company and a significant shareholder;
- (f) review and recommend for approval any reports prepared by management required or recommended on corporate governance;
- (g) confirm or modify the delegation of authority framework between the Board and Executive Management; and
- (h) such other duties and responsibilities as are delegated to it and review such other matters as are from time to time referred to it by the Board.

## 5. **Review of Policies**

The Committee shall review on an annual basis and approve the Company's strategic corporate policies and material amendments thereto including the Company's Corporate Disclosure, Confidentiality and Insider Trading Policies and other relevant policies associated with ensuring an effective system of corporate governance, including policies regarding:

- (a) the size and composition of the Board;
- (b) general responsibilities and functions of the Board and its members;
- (c) the scope, duties, organization and responsibilities of the Board committees; and
- (d) the operations and procedures of Board meetings.

## 6. **Nominations**

The Committee shall review and recommend to the Board for approval:



- (a) annually, the long-term plan for the composition of the Board that takes into consideration the current size, strengths, skills and experience of the Board, retirement dates and the strategic direction of the Company;
- (b) when required, nominees for the election of the office of Chair;
- (c) annually, in conjunction with the Chair and the Board, the Board nominees for election as members of the Board; and
- (d) as required, recommended candidates to fill any Board and Committee vacancies.

#### **7. Orientation and Education**

The Committee shall cause to be provided an orientation and education program to new Board members and continuing education as necessary.

#### **8. Performance Review**

The Committee shall review, approve and report to the Board on:

- (a) the new Board member orientation process and the annual plan for ongoing development of existing Board members;
- (b) individual director performance and performance evaluations of the Board and the Committees, including their processes and evaluations;
- (c) performance evaluation of the Chair of the Board; and
- (d) concerns of individual directors about matters that are not readily or easily discussed at full board meetings, thereby ensuring the Board can operate independently of management and effectively as a group.

#### **9. Report to Board**

The Committee shall report periodically, but no less than once per year, to the Board and shall submit to the Board the minutes of its meetings.

#### **10. Other**

Review the mandate of the Committee at least annually and perform any other activities consistent with this Charter, the Company's by-laws or as delegated by the Board from time to time.

### **Delegation of Authority**



The Committee may delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate.

### **Resources**

The Committee shall have the sole authority to retain (or terminate) consultants to assist the Committee in carrying out its responsibilities, including the evaluation of the CEO or to identify candidates for appointment as the CEO, directors or other senior management positions. The Committee shall be provided with the necessary funding to compensate any advisors retained by the Committee. The Committee shall have full access to the Company's books, records, facilities and personnel.

### **Limitations on the Oversight Role of the Committee**

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the information provided to the Company by such persons or organizations.