



**MANDATE OF THE BOARD OF DIRECTORS**

**JUNE 27, 2016**

## **WENTWORTH RESOURCES LIMITED**

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

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The fundamental responsibility of the Board of Directors is to appoint or ensure that there is a competent executive team and to oversee the management of the business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal control.

The Mandate of the Board was adopted by the Board on June 21, 2007 and amended on October 21, 2011 and June 27, 2016.

#### **1. COMPOSITION OF THE BOARD**

1.1 The Board shall consist of at least two but not more than ten Directors, with the number of Directors set by the Board. The number of Directors shall be sufficient to allow rotation of the members of each of the Board's Committees as required. Directors shall stand for election by the Shareholders of the Corporation at each Annual Meeting.

1.2 The Board shall have a majority of independent directors as such term is defined in the securities regulation in Norway and Canada and subject to the United Kingdom corporate governance guidelines. No Director who is also an executive officer or employee of the Corporation (or any related entity) or who is related to any material business contact of the Corporation shall be considered to be an independent director. In general, each independent director shall be free of any relationship that could, or could reasonably be perceived to, in the opinion of the Board, interfere with the exercise of independent judgment as a member of the Board. Further, at least two Directors elected by the Shareholders of the Corporation shall be independent of any holders of 10% or more of the voting securities of the Corporation. The Board as a whole shall annually review and make a determination as to each Director's status as an independent Director.

1.3 The Chair of the Board should be an independent Board member as defined above. Alternatively, where this is not appropriate, an independent director should be appointed to act as "lead director" to act as the effective leader of the Board and to insure that the Board's agenda will enable it to successfully carry out its duties. In any event, the composition of the Board should meet the Corporation's need for expertise, capacity and diversity.

#### **2. BOARD MEETINGS**

2.1 Board meetings shall comply with the requirements of the Corporation's by-laws. The Board shall meet at least every quarter for a formal Board meeting. A quorum of the Board shall consist of a majority of the Directors. Participation in a meeting of the Board by telephone is permissible at the request of a Director and with the prior consent of the Chair of the Board. Each meeting of the Board shall be followed by an in camera meeting of independent Directors.

2.2 Directors must attend (which may be by telephone conference) all Board and applicable Committee meetings unless there is a compelling reason for non-attendance. The Board expects that each Director will prepare for each meeting of the Board by reviewing materials provided in advance of the meeting.

2.3 Corporate Secretary shall take minutes of each Board meeting and shall distribute them to each Director for comments prior to their final release.

### **3. BOARD ORIENTATION AND CONTINUING EDUCATION**

3.1 The Board shall ensure that all new Directors receive an orientation. All new Directors should fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its Directors). All new Directors should also understand the nature and operation of the Corporation's business.

3.2 The Board shall at its discretion provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.

### **4. CODE OF BUSINESS CONDUCT AND ETHICS**

4.1 The Board shall define the Corporation's basic corporate values and shall adopt a written code of business conduct and ethics in accordance with these values. Once adopted, the code shall be applicable to all Directors, officers and employees of the Corporation and shall constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. The Board shall be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the Corporation's Directors or executive officers shall be granted by the Board only.

### **5. BOARD COMMITTEES**

5.1 The Board shall establish such Committees as the Board deems necessary to assist the Board in meeting its responsibilities. Each of the Committees shall consist of such number of independent Directors as required by applicable Canadian and Norwegian laws and as recommended under United Kingdom corporate governance guidelines. The Board, at its organizational meeting held in conjunction with each annual general meeting of the Shareholders, shall nominate the Chair and members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

5.2 Each Committee shall report to the Board on its deliberations after each Committee meeting. Members of management and non-independent Directors may be invited to Committee meetings by the Chair of a Committee, but shall not participate in the in camera sessions of any Committee.

5.3 The Board shall establish and approve a Charter for each standing Committee and shall require each Committee to annually review its charter for adequacy and relevancy and its performance against the Charter and provide a report thereon to the Board.

5.4 Each standing Committee shall annually provide the Board with a report on its activities in the previous year.

**6. REGULAR BOARD ASSESSMENTS**

6.1 The Corporate Governance and Nomination Committee will report annually on the effectiveness and contribution of the Board.

**7. BOARD ADMINISTRATION**

- (a) The Board shall establish and monitor procedures for identification of and dealing with conflicts of interest. Directors must recuse themselves from a particular matter where there may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.
- (b) The Board must not take any action which may confer on certain Shareholders or other parties an unfair advantage at the expense of other Shareholders or the Corporation.
- (c) Directors shall annually complete a Directors and Officers Questionnaire and confirm at the time of each offering or major disclosure document that the information provided is complete and accurate.
- (d) The Board shall oversee an annual review of Director compensation to ensure development of a compensation strategy that properly aligns the interests of Directors with the long-term interests of the Corporation and Shareholders.
- (e) The Corporation shall indemnify Directors against losses that may arise from the appropriate exercise of their authority as Directors, and shall arrange for an adequate level of Directors and Officers Liability Insurance to supplement this indemnification.
- (f) The Board shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers being necessary or advisable in order to perform its duties and responsibilities.
- (g) The Board shall be entitled to engage independent counsel and other advisors as it considers reasonably necessary to carry out its duties and to set and pay the compensation for any such advisors.
- (h) The Board shall develop a calendar of activities to be undertaken by the Board for each ensuing year, with particular emphasis on objectives, strategy and implementation, and shall cause the same to be done by each Committee within a reasonable period of time following each annual general meeting of Shareholders.

**8. ROLES & RESPONSIBILITIES**

The Board has the ultimate responsibility for the management at the Corporation and for supervising management's activities in general. The Board's responsibility for the management of the Corporation includes responsibility for ensuring that the activities are soundly organized, drawing up plans and budgets for the activities of the Corporation, keeping itself informed of the

Corporation's financial position and ensuring that its activities, accounts and asset management are subject to adequate control. The Board's roles and responsibilities include the following:

- (a) Adopting a strategic planning process and approving a strategic plan which takes into account, among other things, the opportunities and risks of the business with frequent input from management on the Corporation's performance against the strategic plan.
- (b) Monitoring appropriate procedures for identifying the principal risks of the Corporation's business, implementing appropriate systems to address these risks, and receiving frequent updates on the status of risk management activities and initiatives.
- (c) Supervising the succession planning processes at the Corporation, including the selection, appointment, development, evaluation and compensation of the Chair of the Board, the CEO and the senior management team.
- (d) Monitoring the CEO's and other executives' performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- (e) Creating a culture of integrity throughout the Corporation, with specific emphasis on review of the CEO and other executive officers of the Corporation, and promoting that culture of integrity both through the actions of the Board and its individual Directors and through the Board's interaction with and expectations of management.
- (f) Establishing guidelines for the Corporation's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market. These guidelines must ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner.
- (g) Adopting a communication policy for the Corporation and regularly reviewing the Corporation's Disclosure Policy, and approving all material disclosure items prior to disclosure in accordance with the Disclosure Policy.
- (h) Ensuring that the Corporation has good disclosure and internal controls in accordance with the regulations that apply to its activities, including the Corporation's own corporate values and ethical guidelines. The Corporation's internal control arrangements shall address the organization and implementation of its disclosure and financial reporting requirements.
- (i) When considering the Corporation's accounts, the Board shall ask that the CEO and the CFO confirm to the Board that the proposed financial statements which the Board is asked to adopt have been prepared in accordance with generally accepted accounting practice, that all the information included is in accordance with the actual situation of the Corporation and that nothing of material importance has been omitted. The financial statements must be approved by all members of the Board and signed by two directors.

- (j) Reviewing and approving the Corporation's annual operating and capital budgets with frequent input from management on the Corporation's performance against the budget.
- (k) Developing the Corporation's approach to corporate governance including the process of determining Board member qualifications and nomination of Directors.
- (l) Monitoring the Corporation's overall approach to human resources and compensation strategies.
- (m) Receiving feedback from stakeholders via shareholder proposals, communications to the non-management group of Directors (which may be sent to the designated independent director in care of the Corporate Secretary) and review of any concerns received under the Corporation's Reporting of Violations Policy.
- (n) It is the responsibility of the Board to consider the Norwegian Code of Practice for Corporate Governance (the "Code") and the QCA Corporate Governance Guidelines for Smaller Quoted Companies (the "QCA Guidelines") and decide how the Corporation will meet the guidelines or explain as required under the Code and the QCA Guidelines. The Board is expected to include a corporate governance report in the Corporation's continuous disclosure documents in accordance with the applicable laws, including an explanation of how the Corporation adheres to this Code of Practice.

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#### **DOCUMENT HISTORY**

June 8, 2007	Approved by the Board of Directors of Artumas Group Inc.
October 21, 2011	Amended, approved and adopted by the Board of Directors of Wentworth Resources Limited
June 27, 2016	Amended, approved and adopted by the Board of Directors of Wentworth Resources Limited