

# MANDATE OF THE BOARD OF DIRECTORS

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## 1.0 Introduction

The board of directors (the “**Board**”) of New Break Resources Ltd. (“**New Break**” or the “**Corporation**”) is responsible for establishing and maintaining a culture of integrity in the conduct of the affairs of New Break. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of the Chairman of the Board, the Chief Executive Officer and management of the Corporation, and by overseeing and monitoring management to ensure a culture of integrity is maintained.

Although directors may be nominated by certain persons to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of New Break must be paramount at all times.

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## 2.0 Role and Responsibilities of the Board

The Board discharges its responsibilities directly and through its standing committee, namely the Audit Committee, and any other committees that the Board may establish based on the needs of the Corporation. In addition to the Audit Committee, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. In addition to the Board’s primary roles of overseeing the affairs of the Corporation, principal duties include, but are not limited to the following categories:

### 2.1 Oversight of Management

- a) The Board has the responsibility for approving the appointment of the Chief Executive Officer and any other officers of the Corporation (collectively, the “**Officers**”), and approving the compensation of the Chief Executive Officer and the employees of the Corporation.
- b) The Board has delegated authority to the Chief Executive Officer for the overall management of the Corporation, including strategy and operations, to ensure the long-term success of the Corporation and to maximize shareholder value.
- c) The Board may, from time to time, delegate authority to the Officers, subject to specified limits. Matters which are outside the scope of the authority delegated to the Officers and material transactions are reviewed by and subject to the prior approval of the Board.
- d) The Board is responsible for monitoring the performance and training of management.
- e) The Board will take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer and management and satisfy itself that the Chief Executive Officer and management create a culture of integrity throughout the organization.

## **2.2 Board Organization**

- a) The Board retains the responsibility for managing its own affairs by giving its approval for its composition, the selection of the Chairman of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
- b) The Board may delegate to committees, matters it is responsible for, including the approval of compensation of the Board and management, the approval of interim financial results, the conduct of performance evaluations, oversight of internal control systems, and safety matters. However, the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

## **2.3 Monitoring of Financial Performance and Other Financial Reporting Matters**

- a) The Board has oversight responsibility for reviewing and questioning the strategies and plans of the Corporation.
- b) The Board has oversight responsibility for reviewing systems for managing the principal risks of the Corporation's business including insurance coverage, conduct of material litigation and the effectiveness of internal controls and management information systems.
- c) The Board is responsible for considering the appropriate measures it may take if the performance of the Corporation falls short of their goals or other special circumstances warrant.
- d) The Board shall be responsible for approving the Corporation's audited financial statements and the notes related thereto.
- e) The Board is responsible for reviewing and approving material transactions involving the Corporation and those matters which the Board is required to approve under its governing legislation and documents, including the payment of distributions, acquisitions and dispositions of material assets by the Corporation and material expenditures by the Corporation.
- f) The Board has responsibility for effectively identifying and monitoring the principal risks of the Corporation and ensuring implementation of appropriate systems to manage these risks.
- g) The Board will adopt a strategic planning process to establish objectives and goals for New Break's business and will review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of New Break's business and affairs.

## 2.4 Policies and Procedures

- a) The Board is responsible for:
- approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;
  - approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
  - enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.

The Board has approved a Corporate Disclosure Policy respecting communications to the public.

## 2.5 Reporting

- a) The Board is responsible for:
- overseeing the accurate reporting of the financial performance of the Corporation to its shareholders on a timely and regular basis;
  - overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards;
  - ensuring the integrity of the internal control and management information systems of the Corporation; and
  - taking steps to enhance timely disclosure.

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## 3.0 Matters Reserved Exclusively for the Board

As a matter of policy, the Board has decided that the following matters must be considered by the entire Board and may not be delegated to any committee:

- any submission to the shareholders of any question or matter requiring shareholder approval;
- filling a vacancy among the directors or in the office of auditor;
- the manner and terms for the issuance of securities;
- declaring dividends;
- the purchase, redemption or other acquisition of shares of the Corporation;
- paying a commission or allowing a discount to any person in consideration of his or her subscription for shares of the Corporation or role in procuring subscriptions for any such shares;

- approving a management information circular, take-over bid circular, directors' circular or (if applicable) annual information form;
- approving annual and quarterly financial statements; and
- the adoption, amendment or repeal of the Corporation's by-laws.

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#### **4.0 Corporate Policies**

The Board will adopt and annually review policies and procedures designed to ensure that New Break, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct New Break's business ethically and with honesty and integrity. Principal policies consist of:

- Code of Business Conduct and Ethics;
- Corporate Disclosure Policy;
- Majority Voting Policy;
- Securities Trading Policy; and
- Whistleblower Policy.

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#### **5.0 Review of Mandate**

The Board will annually review and assess the adequacy of this mandate and recommend any proposed changes to the Board for consideration.

Date: May 4, 2022

Approved by: Board of Directors