



CANADIAN  
COPPER

Commodities that *electrify our world.*

# Board Compensation and Management



**Canadian Copper Inc.**  
**(the “Corporation”)**

**BOARD COMPOSITION AND MANAGEMENT**

The board of directors of the Corporation (“**Board**”) should be structured and their proceedings conducted in a way calculated to encourage, reinforce, and demonstrate the Board’s role as an independent and informed monitor of the conduct of the Corporation’s affairs and the performance of its management. Board structure and practice will, over time, significantly affect the extent to which a Board of directors is likely to exercise its powers and discharge its obligations in a manner that effectively advances corporate objectives. The requirements for the composition of the Board and management, as set out in the Articles of the Corporation and otherwise prescribed by applicable law, is as follows:

**BOARD OF DIRECTORS**

**Composition of the Board**

- The Board should have a majority of independent directors (as such term is defined in National Policy 58-201 – *Corporate Governance Guidelines*, as amended from time to time).
- The chair of the Board should be an independent director. Where this is not appropriate, an independent director should be appointed to act as “lead director”. However, either an independent chair or an independent lead director should act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties.
- Upon appointment, new directors should be provided with an orientation and training program for new recruits to the Board.
- The Board of an offering corporation shall have no less than three members.

**Number of directors**

- The Notice of Articles (the “**Articles**”) dictates the minimum and maximum number of directors that the Corporation must have.
- There shall be a minimum of 1 and a maximum of 10 directors.

**Quorum**

- The quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors.



## Qualifications of directors

- A director is not required to hold a share in the capital of the Corporation as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.
- A majority of the directors shall be resident Canadians, but where the number of directors is two, only one of the directors must be a resident Canadian.

## Election and Term

- The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if the special resolution empowers the directors to determine the number, the number of directors determined by resolution of the Board. The voting on the election shall be by show of hands unless a ballot is demanded by any shareholder. If an election of directors is not held at the proper time, the incumbent directors shall continue in the office until their successors are elected.

## Removal of directors by shareholders


- Subject to the provisions of the Act, the shareholders may, by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by quorum of the directors.

## Vacancies

- Subject to the Act, a quorum of the Board may fill a vacancy in the Board. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

## Ceasing to be a director

- A director ceases to be a director when:
  - the term of office of the director expires;

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- the director dies;
  - he becomes of unsound mind and is so found by a court in Canada or elsewhere;
  - the director resigns as a director by notice in writing provided to the Corporation, which resignation becomes effective at the time a written resignation is received by the Corporation or at the time specified in the resignation, whichever is later; or
  - the director is removed from office by the shareholders.

### **Regular Board Assessments**

- The Board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider
  - in the case of the Board or a Board committee, its mandate or charter; and
  - in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the Board.
- The Board should examine its size and, with a view to determining the impact of the number of directors upon effectiveness, undertake where appropriate, a program to reduce or increase the number of directors to a number which facilitates more effective decision-making.

### **MANAGEMENT**

- To comply with CSE Policy 4 – *Corporate Governance and Miscellaneous Provisions*, the Corporation must have:
  - a Chief Executive Officer (CEO);
  - a Chief Financial Officer (CFO); and
  - a corporate secretary
- The CFO must be financially literate, as defined in National Instrument 52-110 – *Audit Committees*, and have experience or knowledge of Canadian corporate governance laws and reporting requirements.
- The CEO or CFO may also act as corporate secretary. No individual may act as both CEO and CFO.
- Collectively, the Corporation’s Directors, officers and management must have adequate reporting issuer experience, and experience and expertise relevant to the Corporation’s industry and the languages, customs and laws relevant to the Corporation’s operations in each of the jurisdictions in which it operates.



## **OFFICERS**

### **Appointment of Officers**

- The Board may from time to time appoint a Chairman of the Board, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Other than the Chairman who must be a director, an officer may but need not be a director and one person may hold than one office. In case and whenever the same person holds the offices of Secretary and Treasurer, he may but need not be known as the Secretary-Treasurer. All officers shall sign such contracts, documents, or instruments in writing as required their respective signatures. In the case of the absence or inability to act of any officer or for any other reason that the Board may deem sufficient, Board may delegate all or any of the powers of such officer to any other officers or to any director for the time being.

### **Chairman of the Board**

- The Chairman of the Board shall be a director and shall preside at all meetings of the Board and committees of the Board. The Chairman of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him by the Board..

### **President**


- The President shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the Board may specify from time to time.

### **Vice-President**

- Each Vice-President shall have such powers and duties as the Board or the President may specify. The Vice-President or, if more than one, the Vice-President designated from time to time by the Board or by the President, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of the Board and that a Vice-President who is not a director and shareholder shall not preside as chairman at any meeting of shareholders.

### **Secretary**

- The Secretary shall give or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the



Corporation and all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the Board may specify.

### **Treasurer**

- The Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the Board whenever required an account of all his transactions as Treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the Board may specify. Unless and until the Board designates any other officer of the Corporation to be the Chief Financial Officer of the Corporation, the Treasurer shall be the Chief Financial Officer of the Corporation.

### **Other Officers**

- The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.

### **Term of Office & Remuneration**

- The Board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the Board shall hold office until his successor is appointed or until the earlier of his resignation or death.
- The terms of employment and the remuneration of an officer appointed by the Board shall be settled by it from time to time. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be so determined.

### **Variation of Duties**

- From time to time the Board may prescribe, vary, add to or limit the powers and duties of any officer.