

# BOARD OF DIRECTORS MANDATE

## VERTEX RESOURCE GROUP LTD.

The following is the full text of the Board of Directors Mandate (the “**Mandate**”), that has been reviewed and approved by the Governance, HSE and Compensation Committee, the President and Chief Executive Officer and the Board of Directors (the “**Board**”) of Vertex Resource Group Ltd. (the “**Company**”) itself on March 13, 2015. These guidelines are intended to provide direction to the Board in conjunction with the Company’s Business Code of Conduct, its legal obligations, and mandate from the shareholders to oversee and direct the affairs of the Company.

In consultation with the Committees, the Board will review, on an annual basis, and modify its mandates, as applicable, to reflect changes to the business environment, industry standards on matters of corporate governance, additional standards which the Board finds applicable to the Company’s business, and the adoption and implementation of relevant laws and policies.

### Mandate

The fundamental and primary responsibility of the Board is to foster the long term success of the Company.

While the Board is responsible for the management of the business and affairs of the Company, this is done by proxy through the President, Chief Executive Officer and other senior executive officers, who are charged with the day to day management of the Company. It is, therefore, the responsibility of the Board to appoint a competent senior executive management team and to oversee the business and affairs of the Company, with a view of maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal controls to ensure the long term success of the Company. The President and Chief Executive Officer report directly to the Board and have the responsibility for the leadership and management of the Company within the parameters adopted by the Board. It is the Board’s responsibility to take all reasonable steps to ensure applicable legal requirements have been met, and documents and records have been properly prepared and maintained.

The Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chairman, nominating candidates for election to the Board, appointing committees and determining director compensation. Although directors are elected by shareholders to bring special expertise and insight to Board deliberations, under corporate law the best interests of the Company must be paramount at all times.

### Composition and Terms of Office

- i. The Board shall consist of a minimum of three directors, and must have at least two members that are considered to be “independent” of the Company as per

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- any applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation. No director will be considered “independent” unless the director has no “material relationship” (as such term is defined in National Instrument 52-110 *Audit Committees*) with the Company, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company.
- ii. The appointed members shall normally hold office until the next annual meeting or until they are removed by the Board or until their successor is appointed.
  - iii. The size of the Board shall enable its members to effectively and responsibly discharge their responsibilities to the Company and to the shareholders of the Company.
  - iv. The Board will in each year appoint a chairman of the Board (the “**Chairman**”) and, if the Chairman is not independent, an independent lead director. The role of the Chairman is to act as the leader of the Board, to manage and coordinate the activities of the Board and to oversee execution by the Board of this written mandate. The Board retains responsibility for managing its own affairs including selecting its Chairman and nominating candidates for election to the Board upon recommendation of the Committee and determining the compensation of the directors upon recommendation of the Governance, HSE and Compensation Committee.
  - v. Where a vacancy occurs at any time in the membership of the Board, it may be filled by the Board on the recommendation of the Governance, HSE and Compensation Committee. Invitations to join the Board should be extended by the Chairman. The Board of Directors may remove and replace any member of the Board.
  - vi. The Board may, from time to time, engage consultants or members of the Company’s management team that are not directors of the Company and these persons may attend meetings or portions of meetings as invited guests of the Board.
  - vii. The Board considers all major decisions of the Company, except that certain analyses and work of the Board will be performed by standing committees empowered to act on behalf of the Board. The Company has a number of standing committees, and each standing committee must have a mandate that has been approved by the Board. Each committee shall operate according to the mandate approved by the Board and outlining its duties and responsibilities and

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- the limits of authority delegated to it by the Board. The Board shall review and reassess the adequacy of the mandate of each committee on a regular basis and, with respect to the Audit Committee, at least once a year.
- viii. The Chairman shall annually propose the leadership and membership of each committee. In preparing recommendations, the Chairman will take into account the preferences, skills and experience of each director. Committee chairs and members are appointed by the Board at the first Board meeting after the annual shareholder meeting or as needed to fill vacancies during the year.
  - ix. The Governance, HSE and Compensation Committee works with the Board on an annual basis to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. When selecting individual Board members, the Board takes into account many factors including overall credentials, suitability, high personal and professional ethics, integrity and values. Specifically, the credentials of the Board should include particular industry or geographic experience, understanding of the business of the Company, particular disciplines such as finance, marketing, sales and management, educational and professional background. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending directors who can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Governance, HSE and Compensation Committee also considers the director's past attendance at meetings and contributions to the activities of the Board.

## Meetings

- i. The Board is required to meet in person or by telephone conference call at minimum once per quarter, and will hold meetings as often thereafter as is required in order to discharge the duties of the Board. The meetings will be scheduled to permit timely review of any documents required. The Chairman, any two members of the Board, or any singular person granted authority to do so by the Board may call a meeting of the Board.
- ii. In normal circumstances, the Chairman, in consultation with the Board members will determine the schedule, time and place of meetings, and in consultation with management, establish the agenda for meetings. Directors are expected to attend all Board meetings and all Board committee meetings where such director is a member of such committee, although it is understood that conflicts may occasionally arise that prevent a director from attending a meeting.

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Attendance at Board meetings and Board committee meetings in person is preferred, but attendance by teleconference or other electronic communication established by the Board or such Board committee is permitted.

- iii. A quorum for a meeting shall be a majority of the Board members present in person or by conference call.
- iv. Notice of time, place of a meeting, an agenda and related materials respecting every meeting shall be given in writing or via electronic communication to each member of the Board at least 48 hours prior to the time listed for such meetings. If the Chairman is not present at any meeting of the Board, it is the responsibility of the Board to choose a board member to preside at and chair the meeting.
- v. Any member of the Board may waive notice of a meeting by signifying their consent to hold such a meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was now lawfully called.
- vi. The Chairman may invite officers and employees of the Company, as well as external consultants of the Company to attend meetings or for those elements of the meeting of the Board to which their input is sought as the Chairman may see fit.
- vii. The Board shall keep accurate minutes of its meetings, which shall be distributed to board members.
- viii. Decisions of the Board shall be determined by a majority of the votes cast.

## Responsibilities and Duties

The Board explicitly acknowledges responsibility for the stewardship of the Company, including responsibility for:

- i. Overseeing responsibility for meeting the Company's legal requirements and for approving and maintaining the Company's documents and records.
- ii. The statutory responsibility to:
  - a. manage the business and affairs of the Company;
  - b. act honestly and in good faith with a view to the best interests of the Company;
  - c. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and

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- d. act in accordance with its obligations under corporate law, the Company's articles and other relevant legislation and regulations.
- iii. The statutory responsibility to consider the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
  - a. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - b. the filling of a vacancy among the directors;
  - c. the issuance of securities;
  - d. the declaration of dividends;
  - e. the purchase, redemption or any other form of acquisition of shares issued by the Company;
  - f. the payment of a commission to any person in consideration of his or her purchasing or agreeing to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - g. the approval of management proxy circulars;
  - h. the approval of any take-over bid circular or director's circular; and
  - i. the approval of financial statements of the Company.
- iv. Appointing senior executive officers, monitoring and evaluating their performance based on clear position descriptions, and approving their compensation, taking into consideration the advice of the Chairman and the Governance, HSE and Compensation Committee.
- v. Developing clear guidelines with respect to expectations and responsibilities of directors on the Board and ensuring all new directors receive a comprehensive orientation and fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make. This shall include providing continuing education for the directors so that the directors may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Company's business remains current.
- vi. Developing clear position descriptions for the Chairman, chair of each board committee and the Chief Executive Officer, which includes delineating

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- management’s responsibilities. This shall also include satisfying itself as to the integrity of the Chief Executive Officer and other executive officers and ensuring these members foster a culture of integrity throughout the Company.
- vii. Developing and approving the Company’s strategic plans, goals and objectives that the Chief Executive Officer is responsible for meeting. The strategic plan will take into account, among other things, the opportunities and risks of the Company’s business. The Board shall monitor the implementation and execution of the tasks constituent to the corporate strategy. To be effective, the strategy will result in creation of value over the long term while always preserving the Company’s license to conduct its business among its various stakeholders. For the purpose of this clause, “stakeholder” will mean any party, group or institution whose reasonable approval is required for the Company to execute its Board-approved strategy.
  - viii. Supervising the management of the Company and providing advice and counsel to the senior executive officers in the execution of their duties.
  - ix. Developing a succession plan for senior management of the Company with consultation from the Chief Executive Officer and the Governance, HSE and Compensation Committee. The contributions of the committees and all directors including succession planning shall be reviewed annually (including appointing, training and monitoring senior management).
  - x. Identifying and monitoring principal risks of the Company and ensuring the implementation of an appropriate risk management system to manage these risks.
  - xi. Reviewing and approving various corporate documents and transactions including the annual plan (budget); the annual financial statements and associated public disclosure materials; all material capital expenditures; all material mergers, business acquisitions and dispositions; all material borrowing and banking arrangements; equity financing of the Company; the purchase and redemption of securities; any change to the by-laws or articles of the Company; the recruitment, and if necessary, the termination of the President and Chief Executive Officer; all material strategic and policy decisions; and any other matter specified by the Board as requiring approval including major shareholder communications. This includes monitoring the Company’s progress against its strategic plan, operating and capital budgets, and revising or altering the Company’s direction through management in light of changing circumstances.

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- xii. Approving the Company's policies and mandates, including, without limitation, this mandate of the Board, the mandates of the Audit Committee, Governance, HSE and Compensation Committee, the Whistleblower Policy, the Code of Business Conduct, the corporate disclosure policy and the policy on trading and securities.
- xiii. Ensuring the establishment and appropriateness of processes, controls and systems for the management of the business and affairs of the Company, including:
  - a. to ensure compliance with the reporting obligations of the Company, including that the financial performance of the Company is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
  - b. to recommend to shareholders of the Company a firm of chartered professional accountants to be appointed as the Company's auditors;
  - c. to ensure that the financial results of the Company are reported fairly and in accordance with generally accepted accounting principles;
  - d. to ensure the timely reporting of any change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of the common shares of the Company;
  - e. to establish a process for direct communications with shareholders and other stakeholders through appropriate directors, including through the Whistleblower Policy;
  - f. to ensure that the Company has in place a policy to enable the Company to communicate effectively with its shareholders and the public generally; and
  - g. to report annually to shareholders on its stewardship of the affairs of the Company for the preceding year.
- xiv. Nominating for election directors to the Board that demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Company.
- xv. Appointing Board committees that the Board deems necessary and delegating the appropriate responsibilities and requisite powers of the Board to the committee(s).

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- xvi. Appointing directors to serve as members of each Committee and appointing a chair of each Committee to: (i) provide leadership to the Committee; (ii) manage the affairs of the Committee; (iii) ensure that the Committee functions effectively in fulfilling the duties to the Board and the Company; and (iv) to develop position descriptions for each chair.
- xvii. Conducting regular assessments, at minimum on an annual basis, to determine whether the Board, its committees and individual directors are contributing and functioning effectively and to take action when performance falls short of its goals and objectives or when other special circumstances warrant or when changing circumstances in the business environment create risks or opportunities for the Company.
- xviii. Developing an approach to corporate governance, including developing, reviewing and monitoring corporate governance principles and disclosure guidelines, as well as measures for receiving shareholder and other stakeholder feedback on the business of the Company. This can be accomplished through investor relations, the Chief Executive Officer or other mechanics independent of management.
- xix. Perform any other activities consistent with this Mandate, the Company's articles and any governing laws as the Board deems necessary or appropriate.
- xx. Perform any other activities as the Board deems necessary or appropriate.

## Conflicts of Interest

- i. Directors have a duty to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.
- ii. Each director serves in his or her personal capacity and not as an employee, agent or representative of any other company, organization or institution, even if the director is employed by a shareholder or any other entity which does business with the Company. In providing direction to the Company, directors acknowledge that the wellbeing of the Company is their sole concern. Any director must not be affected in his or her deliberations and decision making by any relationship with any outside person or party including any specific shareholder no matter which one and no matter what the relationship between the director and that shareholder. Directors shall not allow personal interests to conflict with their duties to the Company and shall avoid and refrain from involvement in situations of conflict of interest.

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- iii. A director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict or perceived conflict with that director's duty to the Company.
- iv. A director shall disclose promptly any interest that director may have in an existing or proposed contract or transaction of or with the Company.
- v. The disclosures contemplated in paragraphs (iii) and (iv) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur by e-mail to the other directors immediately upon realization of the conflicting situation and then confirmed at the first Board and/or committee meeting after the director becomes aware of the potential conflict of interest that is attended by the conflicted director.
- vi. A director's disclosure to the Board or a committee of the Board shall disclose the full nature and extent of that director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board or such committee of the Board.
- vii. A director with a conflict of interest or who may be perceived as being in a conflict of interest with respect to the Company shall abstain from discussion and voting by the Board or any committee of the Board on any motion to recommend or approve the subject matter of such conflict unless the matter relates primarily to the director's remuneration or benefits or as otherwise permitted by applicable law or regulation. If the conflict of interest is obvious and direct, the director shall withdraw while the item is being considered.
- viii. Without limiting the generality of "conflict of interest", it shall be deemed a conflict of interest if a director, a director's relative, a member of the director's household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with the Company.
- ix. Directors shall not use information obtained as a result of acting as a director for personal benefit or for the benefit of others.
- x. Any director shall not use or provide to the Company any information known by the director that through a relationship with a third party the director is not legally able to use or provide.

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- xii. Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

### Authority

While the Board has the responsibilities and powers set forth in its mandate, and the fiduciary duty and obligation to protect and enhance the assets of the Company within applicable legislation, it is not the duty of the Board to control the day to day operations of the Company. The responsibility for the day to day operation of the Company is that of the Chief Executive Officer. The Board shall:

- i. Engage independent outside counsel and other advisors as it determines necessary to carry out its duties.
- ii. Set and pay the compensation for any advisors employed by the Board.
- iii. Have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
- iv. Review the appropriateness and effectiveness of any activity or business practice (including related party transactions), which impact the integrity, financial or otherwise, of the Company and all employees shall be required to cooperate with the Board.