

# Valterra Resource Corporation

## CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

Approved and Adopted by the Board of Directors effective November 16, 1606

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The Board of Directors (“Board”) is responsible for the supervision of the management of Valterra Resource Corporation (the “Company”) and for approving the overall direction of the Company in a manner that is in the best interests of the Company and its stakeholders. The Board will participate fully in assessing and approving strategic plans and material prospective decisions proposed by management. To ensure that the principal business risks that are borne by the Company are appropriate, the Board will receive periodic reports from management on the Company's assessment and management of such risks. The Board will regularly monitor the financial performance of the Company, including receiving and reviewing detailed financial information contained in management reports.

The Board will monitor the activities of the senior management through regular meetings and discussions amongst the Board and between the Board and senior management. The Board will hold regular meetings at least four times per year. Additional meetings will be held to address special items of business.

These Principles and Guidelines includes the concept that:

- i. the Board adopt a Corporate Communications Policy, and
- ii. the Board directly and through its Audit Committee, regularly assess the integrity of the Company's internal control and management information systems.

### **Composition and Independence of the Board of Directors**

Principles and Guidelines to which the Board aspires include:

- i. the Board determining the status of each director as an “independent” director, based on the meaning of “independence” in National Instrument 58-101 *Disclosure of Corporate Governance Practices*,
- ii. the Board be constituted with a majority of directors who are independent,
- iii. the Board examining its size with a view to determining the impact of the number of directors upon the effectiveness of the Board,
- iv. the Board establishing procedures to enable the Board to function independently of management, and
- v. the Board implementing a system which enables an individual director to engage an outside advisor at the expense of the Company in appropriate circumstances.

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### Committees of the Board of Directors

Given the aspirations outlined above, the Board will

- i. establish committees of the Board generally composed of independent directors,
- ii. expressly assume responsibility, or assign to a committee of directors responsibility for the development of the Company's approach to governance issues,
- iii. populate the Audit Committee with a majority of independent directors, and
- iv. appoint a Compensation, Nomination and Governance Committee. This Committee will review, report and, where appropriate,
  - a. provide recommendations to the Board proposing new nominees to the Board and other succession planning matters, and
  - b. in conjunction with the Board,
    - i. monitoring the performance and compensation of senior management,
    - ii. assessing directors on a on-going basis, and
    - iii. monitoring corporate governance issues, and where appropriate, recommending to the Board, changes in corporate governance policy.

### Limitation of Management's Responsibilities and Authority

The mandate of the Chief Executive Officer ("CEO") is to be responsible for managing the day-to-day operations of the Company, which includes the supervision of the senior management team, the Company's outside consultants and exploration staff. The CEO is responsible for the implementation of the Company's corporate objectives and the resolutions of the Board and the appropriate and timely feedback of the results of these efforts.

### Recruitment of New Directors and Assessment of Board Performance

These Principles and Guidelines aspirations also include, in conjunction with the Compensation and Nomination Committee,

- i. the Board implementing a process for assessing the effectiveness of the Board and the committees of the Board and the contribution of individual directors,
- ii. the Company providing an orientation and education program for new directors, and
- iii. the Board reviewing the adequacy and form of compensation of directors and ensuring that the compensation realistically reflects the responsibilities and risks involved in being an effective director.