

# CornishMetals

**CORNISH METALS INC.  
(the “Company”)**

**BOARD MANDATE**

**and**

**COMMITTEE ORGANIZATION**

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**CORNISH METALS INC.**  
**(the “Company”)**

**1. MANDATE AND RESPONSIBILITIES OF THE BOARD<sup>1</sup>**

**Stewardship Responsibility**

1.1 Subject to the Bylaws of the Company and applicable laws, the board of directors (the “**Board**”) of the Company has a stewardship responsibility to:

- (a) supervise the management of and oversee the conduct of the business of the Company;
- (b) provide leadership and direction to management;
- (c) evaluate management;
- (d) set policies appropriate for the business of the Company; and
- (e) approve corporate strategies and goals.

1.2 The day-to-day management of the business and affairs of the Company is delegated by the Board to the President and the Chief Executive Officer (the “**CEO**”). The Board will give direction and guidance through the President to management and will keep management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

**Composition of the Board**

1.3 At least two (2) members of the Board shall be independent and must not be officers or employees of the Company or an affiliate of the Company (the “**Independent Directors**”). Directors must act with a view to the best interests of the Company.

1.4 The Board shall:

- (a) before each annual general meeting, recommend nominees to the shareholders for election as directors for the ensuing year;
- (b) immediately following each annual general meeting, appoint an audit committee (the “**Audit Committee**”) and appoint the chairperson of such committee;
- (c) establish and periodically review and update the mandate, duties and responsibilities of the Audit Committee;
- (d) elect a chairperson of the Board (the “**Board Chairperson**”), and establish his or her duties and responsibilities;
- (e) appoint the President and CEO of the Company, and establish the duties and responsibilities of that position; and

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<sup>1</sup> Per National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”).

- (f) on the recommendation of the President and CEO, appoint the senior officers of the Company and approve the senior management structure of the Company.

1.5 A principal responsibility of the Board Chairperson will be to manage, and act as the chief administrative officer of the Board, with such duties and responsibilities as the Board may establish from time to time.

1.6 The Board shall meet not less than three times during each year and will endeavor to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President or, subject to the Bylaws of the Company, of any director.

### **Specific Responsibilities**

1.7 The Board has the following specific duties and responsibilities:

- (a) to approve, supervise and provide guidance on the strategic planning process. The President and CEO and the senior management team will have direct responsibility for the ongoing strategic planning process and the establishment of long term goals for the Company, which are to be reviewed and approved not less than annually by the Board;
- (b) to identify the principal risks of the Company's business and ensure the implementation of appropriate systems to manage these risks;
- (c) to ensure the Company has management of high calibre. This responsibility is carried out primarily through the appointment of the President and CEO as the Company's business leader. The Board will assess, on an ongoing basis, the President and CEO's performance;
- (d) to keep in place adequate and effective succession plans for the President and CEO and the senior management;
- (e) to oversee the integrity of the Company's internal control and management information systems;
- (f) to oversee the Company's Corporate Disclosure and Insider Trading Policy. The Board will monitor the policies and procedures that are in place to provide for effective communication by the Company with its shareholders and with the public generally;
- (g) to require that the Board be kept informed of the Company's activities and performance and take appropriate action to correct inadequate performance;
- (h) to approve all capital plans and establish priorities for the allocation of funds to ongoing operations and capital projects;
- (i) to approve any policy for management of foreign currency risk, if applicable;
- (j) to provide for the independent functioning of the Board, to provide directors who are independent of management an opportunity to discuss issues in the absence of management;
- (k) on an annual basis, to examine the circumstances of each individual director to determine whether the Board has at least two (2) Independent Directors;

- (l) to establish and provide an orientation and education program for new recruits to the Board;
- (m) to assist in raising capital for the Company; and
- (n) to consider matters of nomination and succession in relation to the Board. In connection therewith, the Board will have regard to the Company's Board and Executive Officer Diversity Policy and Guidelines for the Composition of the Board of Directors (each as adopted by the Board on June 5, 2020 and as amended from time to time) and will perform the duties set out in Schedule "B" attached.

#### **Schedule of matters reserved to the Board**

1.8 The matters set out in Schedule "D" attached are reserved to the Board for its collective decision, as may be amended or supplemented from time to time by the Board as it deems advisable.

### **2. DUTIES AND RESPONSIBILITIES OF THE BOARD CHAIRPERSON<sup>2</sup>**

2.1 The Board Chairperson shall manage and act as chief administrative officer of the Board with the following specific duties and responsibilities:

- (a) to act as the spokesperson for the Board;
- (b) to review the agenda for each meeting of the Board;
- (c) to assist the Board in the discharge of its mandate and responsibilities; and
- (d) to approve and sign on behalf of the Board all communications and reports from the Board to the shareholders.

### **3. DUTIES AND RESPONSIBILITIES OF THE PRESIDENT AND CEO OF THE COMPANY<sup>3</sup>**

3.1 The President and CEO shall manage, and act as the senior executive officer of the Company and exercise general and active control of its affairs, business and property and general supervision of its officers, agents and employees. Without limiting the foregoing, the President and CEO has the following specific duties and responsibilities:

- (a) to monitor progress of all projects and programs of the Company and to report such results to the Board on a regular basis;
- (b) to ensure compliance with all laws and regulations affecting the operations and projects of the Company;
- (c) to select, hire and manage all officers or agents of the Company, and all administrative staff;
- (d) to conceive and prepare exploration, acquisition and development strategies in a

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<sup>2</sup> Per NP 58-201.

<sup>3</sup> Per NP 58-201.

business plan format to be submitted to and approved by the Board, and implement such plans following approval by the Board;

- (e) to ensure that all legally mandated and/or contractually required disclosure documents and/or periodical reports are properly prepared and delivered in a timely fashion;
- (f) with the approval of the Board, to seek and obtain equity and debt financing as required by the Company;
- (g) to make presentations to investors, analysts and securities firms, and to engage appropriate agents to facilitate that process, to ensure that the Company's results and plans are known to the investing community and that the Company's image as a good investment is established and continuously enhanced; and
- (h) to exercise all other powers and perform all other duties normally incident to the office of the President and CEO of a company and to exercise such other powers in the performance of such other duties as are not otherwise delegated to the chairperson or committees under this Board Mandate or as may be assigned to the President and CEO by the Board from time to time.

3.2 The President and CEO will act as management's spokesperson with the Board and will be responsible for implementing all decisions and resolutions of the Board.

#### **4. DUTIES AND RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

4.1 Each director must act honestly and in good faith with a view to the best interests of the Company and all of its shareholders generally, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

4.2 Each director is accountable to the shareholders of the Company generally, and cannot represent or report to any individual or separate constituency of shareholders.

4.3 Each director may serve on one or more committees of the Board, the terms of reference of which are determined by the Board. Each director must meet with the Board and each committee on which he or she serves sufficiently often to discharge the duties for which the director and the Board or committee is responsible.

4.4 Each director should be confident that each other director brings the same open mind to each issue. Where individual directors have concerns about matters that are not readily or easily discussed in the presence of the full Board, they may bring their concerns to the attention of a committee, if applicable, for review and direction.

4.5 While a director may not have industry experience, each director is expected to have relevant business experience and to become sufficiently familiar with the affairs of the Company to exercise reasonable judgment. This requires keen interest in the Company and its challenges and opportunities.

4.6 Each director has an important and positive role to fulfill as an ambassador of the Company. Each director by virtue of his or her position as such is a role model in the community and is expected to conduct him or herself in a manner consistent with the highest standards of moral and ethical conduct. Directors are also encouraged to participate in activities which enhance the image of the Company.

4.7 Directors are not legally precluded from accepting several appointments and holding directorship positions in other companies. However, a director who serves in more than one board must be constantly vigilant about potential conflicts of interest and must carry out his or her fiduciary obligation to each corporation he or she serves.

4.8 The specific duties and responsibilities of each individual director are as follows:

- (a) to adhere to this Board Mandate and to ensure that this Board Mandate is adhered to;
- (b) to be familiar with the Company's Bylaws, applicable corporate legislation (the *Canada Business Corporations Act*), the Canadian provincial securities laws as they apply to the Company and the rules and policies of the TSX Venture Exchange and any other stock exchanges on which the shares of the Company may be listed, and to ensure that the Company is in compliance with all applicable regulatory and exchange requirements;
- (c) to comply with all personal disclosure and filing obligations imposed by law or by stock exchange rules and policies;
- (d) to adhere to the Corporate Disclosure and Insider Trading Policy adopted by the Company in the use of material information, in light of the Company being a publicly traded company with common shares listed on the TSX Venture Exchange;
- (e) to undertake any director training required by legislation or the Board;
- (f) to read and understand all directors' material received from the Company, ask any questions necessary to give a sufficient understanding of each issue that arises in respect of such materials or during a meeting, apply business or professional judgment to each issue that arises in respect of such materials or during a meeting and express opinions, ask further questions and make such recommendations as he or she thinks are necessary or reasonable;
- (g) when opposed to an action before the Board and, if thought fit, to vote against the applicable resolution, require that the dissent be entered in the minutes of the meeting, or deliver written dissent to the secretary of the meeting before its adjournment, or deliver or send by registered mail written dissent to the Company's head office (Attention: President) and registered office immediately after the adjournment of the meeting;
- (h) to safeguard and treat as confidential, all information obtained from the Company that has not otherwise been made public by management in the ordinary course; and
- (i) where the director is:
  - (i) a party to a material contract or proposed material contract with the Company; or
  - (ii) a director or officer of, or has a material interest in, any party to a material contract or proposed material contract with the Company;

he or she shall disclose in writing to the Company, or request to have entered in the minutes of the meeting, the nature and extent of his or her interest and shall not vote on

any resolution to approve the contract unless advised by counsel to the Company that such action is permitted by law.

## **5. GENERAL COMMITTEES**

5.1 Committees are appointed by the Board at the first Board meeting following the annual meeting of the shareholders of the Company.

5.2 The quorum for each committee shall be a majority of the members of the committee.

5.3 The Board may fill vacancies in a committee provided that the appointment is ratified by the Board at the next Board meeting.

5.4 A committee may continue to function with vacancies, with the quorum being the majority of the members then in office, provided that the number of remaining members constitutes a quorum as originally defined for that committee.

5.5 The chairperson of a committee shall appoint a secretary to take minutes of meetings and otherwise record the proceedings of the committee. Failing such appointment, the chairperson of the committee shall also act as its secretary.

5.6 Notice of committee meetings shall be given by the chairperson orally or in writing at least 48 hours before a meeting.

5.7 In the exercise of its absolute discretion, the Board may remove or replace any member of any committee and may fill any vacancies. Any member of a committee who shall for any reason cease to be a director of the Company shall cease to be a member of that committee.

5.8 Any committee may appoint sub-committees of one or more people, a majority of whom must be members of the committee.

5.9 Except as otherwise prescribed by the Board, the Bylaws of the Company applicable to the conduct of meetings, meetings of the Board shall apply to all committee meetings.

## **6. AUDIT COMMITTEE<sup>4</sup>**

### **Purpose**

6.1 The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and reporting on the financial information that will be provided to shareholders and others, the systems of corporate controls which management and the Board has established, and the audit process.

### **Composition and Term of Office**

6.2 The Audit Committee shall be comprised of not less than three directors, the majority of whom shall be Independent Directors, and at least one of whom shall be “financially literate”. For these purposes, a director is independent if he or she is not an officer, employee or control person of the Company or an affiliate of the Company. Despite this, the following individuals are considered to have a material

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<sup>4</sup> Per National Instrument 52-110 – *Audit Committees*.

relationship with the Company and therefore be ineligible to sit on the Audit Committee:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
- (c) an individual who is a partner of a firm that is the Company's auditor, an employee of such firm or was within the last three years a partner or employee of such firm and personally worked on the Company's audit;
- (d) an individual whose spouse, child or stepchild, (if he or she is a minor or shares a home with the individual) is a partner of a firm that is the Company's auditor, an employee of such firm and participates in its audit, assurance or tax compliance practice or was within the last three years a partner or employee of such firm and personally worked on the Company's audit;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at that time on the entity's compensation committee;
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than \$75,000 in direct compensation from the Company during any 12 month period within the last three years; and
- (g) an individual who accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee.

6.3 In addition, for the purposes of this Policy "financially literate" means that the individual has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

6.4 Annually, following the annual general meeting of shareholders of the Company, the Board shall elect from its members not less than three directors to serve on the Audit Committee.

6.5 The Board shall appoint one of the directors on the committee as the committee Chairperson (the "**Audit Committee Chairperson**"), whose duties shall include overseeing the proper functioning of the Audit Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

6.6 The quorum for any meeting of the Audit Committee is a majority of its members.

6.7 Each member shall hold office until the close of the next annual general meeting of shareholders of the Company or until the member resigns or is replaced, whichever first occurs.

6.8 The Audit Committee shall meet at least four times per fiscal year, or more frequently as circumstances dictate. The meetings will be scheduled to permit timely review of the interim and annual

financial statements of the Company.

6.9 The Chief Financial Officer (the “CFO”) shall act as management liaison and adviser to the Audit Committee, and the Audit Committee shall meet at least annually with the CFO.

6.10 The Audit Committee is authorized to request the presence, at any meeting, of a representative from the external auditors, senior management, legal counsel or anyone else who could contribute substantively to the subject of the meeting including directors, officers and employees of the Company.

6.11 The external auditors shall be given notice of and have the right to appear before and to be heard at any meeting of the Audit Committee, and shall appear before the Audit Committee at least annually and when requested to do so by the Audit Committee Chairperson.

### **Duties and Responsibilities**

6.12 The Audit Committee must maintain a written charter that sets out its mandate and responsibilities (set out in Schedule “A” attached).

6.13 The Audit Committee must recommend to the Board:

- (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company; and
- (b) the compensation of the external auditor.

6.14 The Audit Committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

6.15 The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company’s external auditor.

6.16 The Audit Committee must review and report to the Board on the Company’s financial statements, auditor’s report, if any, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

6.17 The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements, other than the public disclosure referred to in Section 6.16, and must periodically assess the adequacy of those procedures.

6.18 The Audit Committee must establish a ‘Whistleblower Policy’, which will provide procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or audit matters.

6.19 The Audit Committee must review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

6.20 The Audit Committee must review and recommend to the Board any changes to accounting policies.

6.21 The Audit Committee must review the opportunities and risks inherent in the Company's financial management and the effectiveness of the controls thereon.

6.22 The Audit Committee must review major transactions (acquisitions, divestitures and funding).

6.23 The Audit Committee must monitor the management of the principal risks that could impact the financial reporting of the Company.

6.24 The Audit Committee must monitor, evaluate and report to the Board on the integrity of the financial reporting process and the system of internal controls that management or the Board have established.

6.25 The Audit Committee must, with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the President, the CEO and the CFO to comply with National Instrument 52-109 "Certification of Disclosure in Issuer's Annual and Interim Filings".

6.26 The Audit Committee must review and report to the Board on its concurrence with disclosure required by Form 52-110F2 in any management prepared information circular of the Company.

#### **Accountability**

6.27 The Audit Committee shall report to the Board at its next regular meeting on all deliberations and actions it has taken since any previous report made to the Board.

6.28 The minutes of all Audit Committee meetings will be available for review by any member of the Board on request to the Chairperson of the Audit Committee.

### **7. REMUNERATION COMMITTEE**

7.1 The Remuneration Committee has been established by resolution of the Board which shall be governed in accordance with the Term of Reference for the Remuneration Committee set out in Schedule "C" attached, as may be amended or supplemented from time to time by the Board as it deems advisable.

**Adopted by the Board of Directors of Cornish Metals Inc. on February 16, 2021.**

## SCHEDULE "A"

### CORNISH METALS INC. (the "Company")

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#### AUDIT COMMITTEE CHARTER

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#### 1. Mandate

The primary function of the audit committee (the "**Committee**") is to assist the board of directors (the "**Board**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- (b) review and appraise the performance of the Company's external auditors; and
- (c) provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

#### 2. Composition

The Committee shall be comprised of at least three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### 3. Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### 4. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

##### Documents/Reports Review

- (a) Review and update the Committee's Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

##### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At least once per year, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the

Company to its external auditors during the fiscal year in which the non-audit services are provided;

- (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
- (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee. The pre-approval of the non-audit services by any member whom authority has been delegated must be presented to the Committee's first scheduled meeting following such pre-approval.

#### Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a 'Whistleblower Policy' which will provide procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### Other

Review any related-party transactions.

## SCHEDULE “B”

### CORNISH METALS INC. (the “Company”)

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#### BOARD NOMINATION AND SUCCESSION

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The duties of the Board in connection with matters of nomination and succession in relation to the Board are as follows:

- (a) to be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- (b) before making an appointment, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- (c) to obtain details of and review any interests a candidate for a vacancy may have which conflict or may conflict with the interests of the Company. The Board shall consider whether, despite any such conflict, there are nevertheless grounds for recommending the candidate for appointment and for the Board to authorise the relevant conflict;
- (d) review annually the time required from a non-executive director. Performance evaluation should be used to assess whether the non-executive director is spending enough time to fulfil their duties;
- (e) use open advertising or the services of external advisers to facilitate the search for appropriate candidates;
- (f) consider candidates from a wide range of backgrounds and look beyond the “usual suspects”;
- (g) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (h) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (i) give full consideration to succession planning for both executive and non-executive directors and other senior management in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
- (j) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;

- (k) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (l) make a statement in the Company's annual report and accounts about the process used for appointments and explain if external advice or open advertising has not been used;
- (m) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- (n) at least once a year, review its own performance against this Schedule B and recommend any changes it considers necessary to this Schedule B to the Board for approval; and
- (o) make recommendations to the Board:
  - (i) as regards plans for succession for both executive and non-executive directors;
  - (ii) as regards the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
  - (iii) relating to the membership of the Audit and Remuneration Committees, in consultation with the chairmen of those committees;
  - (iv) concerning the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's articles of association having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
  - (v) concerning suitable candidates for the role of senior independent director (if applicable);
  - (vi) concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and
  - (vii) concerning the terms and conditions on which authorisation of any conflicts of interest should be given by the Board upon appointment of any director.

## SCHEDULE “C”

### CORNISH METALS INC. (the “Company”)

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#### TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

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1. **Constitution**

The committee has been established by resolution of the board of directors of the Company (the “**Board**”) and is to be known as the Remuneration Committee (the “**Committee**”).

2. **Purpose**

The purpose of the Committee is to:

- (a) ensure that the executive directors and other key employees of the Company (together, “**Executives**”) are fairly rewarded for their individual contribution to the overall performance of the Company; and
- (b) demonstrate to the shareholders of the Company that the remuneration of the Executives is set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Committee and who will have due regard to the interests of shareholders of the Company.

3. **Membership**

3.1 The members of the Committee shall be appointed by the Board from amongst the directors of the Company, on recommendation of the Company’s nomination committee (if any) in consultation with the Chairman of the Committee and shall consist of not less than two members. All members of the Committee shall be independent non-executive directors of the Company.

3.2 The Chairman of the Committee shall be an independent non-executive director who shall be appointed by the Board.

3.3 The Committee may at each meeting appoint one of their number to be the Secretary of the Committee. If no secretary is appointed, the Chairman of the Committee will act as Secretary. The Secretary of the Committee shall provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

3.4 Each member of the Committee shall disclose to the Committee:

- (a) any personal, financial or other interest in any matter to be decided or discussed by the Committee; and/or
- (b) any potential conflict of interest arising from a cross-directorship or otherwise; and

any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee or absent himself from all or part of the meeting of the Committee in question.

3.5 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Appointments to the Committee shall be for a period of up to three years, which may be extended for no more than two additional three-year periods, provided the director still meets the criteria for membership of the Committee.

3.6 Membership of the Committee shall be noted in the annual directors' report of the Company.

#### 4. **Attendance at Meetings**

4.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Finance Director, Chief Executive Officer, any other member of the Board and external advisers may be invited to attend for all or part of any meeting as and when appropriate, but such persons have no right of attendance.

4.2 No member of the Board shall participate at a meeting of the Committee (or during the relevant part) at which any part of his remuneration (including his options) is being discussed or participate in any recommendation or decision concerning his remuneration (including his options).

#### 5. **Proceedings at Meetings**

5.1 A quorum for a meeting of the Committee shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.2 Meetings may be held either by telephone or video conference.

5.3 Subject as provided in paragraphs 3.4 and 4.2, each member of the Committee shall have one vote. Votes can only be cast by members attending a Committee meeting (whether in person or by telephone or video conference). In the event of an equality of votes, the Chairman of the Committee shall have a second or casting vote (again subject as provided in paragraphs 3.4 and 4.2 above). In the absence of the Chairman or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

#### 6. **Frequency of Meetings**

Meetings shall be held not less than twice a year and at such other times as the Chairman of the Committee shall require. The chairman of the Board may request a meeting if he/she reasonably considers that one is necessary.

#### 7. **Notice of Meetings**

7.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded by the Secretary of the Committee to each member of the Committee and any other person required to attend, no later than five working days (which notice may be waived by any director) before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## 8. **Minutes of a Meetings**

8.1 The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

8.2 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

8.3 Draft minutes of Committee meetings shall be agreed with the Chairman of the Committee and then be circulated promptly to all Committee members, unless in the Chairman of the Committee's opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other Board members unless in Chairman of the Committee's opinion it would be inappropriate to do so.

## 9. **Annual General Meeting**

The Chairman of the Committee shall attend the annual general meeting of the Company and be available to respond to any shareholder questions on the Committee's activities.

## 10. **Authority**

10.1 The Committee is authorised by the Board to investigate and undertake any matter within its terms of reference. It is authorised to seek any information it properly requires from any director, employee or professional adviser and all directors, employees and professional advisers are directed to co-operate with any requests made by the Committee.

10.2 The Committee is authorised by the Board to obtain outside legal, accounting or other professional advice and the advice of independent remuneration consultants and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The cost of obtaining such advice or services shall be borne by the Company within such limits as may be authorised by the Board from time to time.

## 11. **Duties**

The duties of the Committee are:

- (a) to determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive Officer, the Chief Operating Officer, the chairman of the Board (where executive), and other Executives as it is designated to consider. No director or manager shall be involved in any decisions as to their own remuneration;
- (b) in determining such policy, to take into account all factors which it deems necessary including the development of remuneration packages which motivate Executives and support the delivery of business objectives in the short, medium and long-term. The

objective of such policy shall be to ensure that Executives are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;

- (c) to provide the packages needed to attract, retain and motivate Executives of the quality required (but avoid paying more than is necessary for this purpose) and to co-ordinate closely with the Company's nomination committee (if any) in relation to the remuneration to be offered to any new Executive;
- (d) within the terms of the agreed policy and in consultation with the Chairman of the Board and/or the Chief Executive Officer as appropriate (except in the case of their own remuneration), determine the total individual remuneration package of each Executive director and other senior Executives including bonuses, incentive payments and share options or other share awards;
- (e) approve the design of, and determine targets for, basic salary and fees, any performance related pay schemes, discretionary payments including compensation payments, pension contributions, benefits in kind and all forms of long term incentive schemes operated by the Company and approve the total annual payments made under such schemes;
- (f) to consider whether the Executives should be eligible for annual bonuses and, if so, to consider an upper limit for such bonuses;
- (g) to consider where to position the Company relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution;
- (h) to be sensitive to the wider scene, including pay and employment conditions elsewhere in the Company's group, especially when determining annual salary increases;
- (i) to approve the terms of any service agreement to be entered into with any Executive, bearing in mind that the performance-related elements of remuneration should form a significant proportion of the total remuneration package of Executives and should be designed to align their interests with those of the shareholders of the Company;
- (j) review the ongoing appropriateness and relevance of the remuneration policy;
- (k) review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount, timing, exercise price and conditions of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used and to consider whether the Executives should be eligible for benefits under long-term incentive schemes and to weigh traditional share option schemes against other kinds of long-term incentive schemes;
- (l) to approve any amendments to be made to the rules of the share options schemes or the adoption of a new replacement scheme of the Company or its subsidiaries (except where such amendments require shareholder approval);

- (m) determine the policy for, and scope of, pension arrangements for each Executive director and other senior Executives and to consider the pension consequences and associated costs to the Company of basic salary increases and other changes in remuneration, especially for Executives close to retirement;
- (n) ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (o) to consider and determine what compensation commitments (including pension contributions) the Executives' service agreements, if any, would entail in the event of early termination. Particular consideration should be given to the advantages of providing explicitly in the initial contract for such compensation commitments except in the case of removal for misconduct;
- (p) in early termination cases where the initial contract does not explicitly provide for compensation commitments, to tailor its approach (within legal constraints) to the circumstances. The Committee should ensure that poor performance is not rewarded, while dealing fairly with cases where departure is not due to poor performance and to take a robust line on reducing compensation to reflect departing Executives' obligations to mitigate loss;
- (q) in determining such packages and arrangements, give due regard to any relevant legal requirements, including the provisions and recommendations in the Quoted Companies Alliance Corporate Governance Code and associated guidance and any published guidelines regarding the remuneration of directors of companies whose shares are traded on AIM (as applicable);
- (r) oversee any major changes in employee benefits structures throughout the Company or group;
- (s) set the policy for authorising claims for expenses from the directors;
- (t) ensure that all provisions regarding disclosure of remuneration packages, structures, policy, including pensions are fulfilled;
- (u) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (v) make available the Committee's terms of reference for inspection at the registered office of the Company which should set out the Committee's delegated responsibilities and be reviewed and, where necessary, updated annually; and
- (w) to consider other matters as referred to the Committee by the Board.

## 12. Exclusions

The remuneration of the Company's non-executive directors (including the Chairman of the Board if a non-executive) shall be a matter for the Chairman of the Board (if executive) and the

Company's executive directors. Further, no director or manager of the Company shall be involved in any decisions as to their own remuneration.

13. **The Committee**

13.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

13.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

13.3 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

14. **Reporting Procedures**

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

15. **General**

Any of the terms set out in this document may be varied by a majority resolution of the Board.

## SCHEDULE "D"

### CORNISH METALS INC. (the "Company")

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#### SCHEDULE OF MATTERS RESERVED TO THE BOARD

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The following matters are reserved to the board of Cornish Metals Inc. for its collective decision:

#### 1. Strategic Issues

- (p) To approve the annual budget of the Company and its subsidiaries (the "Group", each a "Group Company").
- (q) To approve annually a strategic plan for the following year for the Group.
- (r) To approve the Group's risk management policies, including any hedging policy.

#### 2. Share Capital

- (a) To allot, grant options over, offer or otherwise deal with or dispose of unissued shares in the capital of the Company or rights to subscribe for or convert any security into shares in the capital of the Company.
- (b) To fix any special rights or restrictions attaching to shares.
- (c) To recommend to shareholders any proposed employees' share scheme or other long-term incentive scheme or any alteration to an existing scheme and in connection with any such scheme to authorise the issue of invitations for participation, to grant options and to approve other related matters.

#### 3. Financial Items

- (a) To approve the Company's annual accounts and reports to be made to shareholders.
- (b) To approve the interim financial statements of the Company.
- (c) To fix the amount of a dividend to be recommended to shareholders and to declare and make arrangements for the payment of interim dividends.
- (d) To approve transfers to reserves by the Company.
- (e) To approve delegated financial authorities applicable across the Group.
- (f) To authorise all political donations made by a Group Company
- (g) To authorise charitable contributions made by a Group Company which are not permitted by the approved delegated financial authorities.

- (h) To consider at least once a year proposals for the Group's short-term and long-term financing plans.
- (i) To approve in principle the allotment by a Group Company of any debt securities, delegating authority, as the board considers appropriate, to decide matters of detail.
- (j) To approve in principle the entering into by a Group Company of loan facilities, debt factoring, sale and leaseback arrangements, delegating authority, as the board considers appropriate, to decide matters of detail.
- (k) To approve any transaction that constitutes a substantial transaction, a reverse takeover or a related party transaction (as such terms are defined in the AIM Rules for Companies).
- (l) To approve policies on the management of foreign currency, interest rate, currency and credit risks.
- (m) To approve the entering into by a Group Company of a finance or operating lease where entry into such lease is not permitted by the approved delegated financial authorities.
- (n) To approve the giving of all guarantees and letters of comfort by a Group Company if the guarantee or letter of comfort is given in connection with a loan or liability that is owed to a person that is not a Group Company.
- (o) To review at least once a year the effectiveness of the Group's system of internal control. The review should cover all controls, including financial, operational and compliance controls and risk management.
- (p) Unless the Articles of Arrangement or the By-laws provide otherwise, to determine the remuneration of the non-executive directors (including members of the remuneration committee), within the limits set in the Articles. Where permitted by the Articles or the By-laws, the board may delegate this responsibility to a small sub-committee.
- (q) To report each year to shareholders on the Company's policy on remuneration, specifying the information required by applicable law and the corporate governance requirements and guidelines followed by the Company.
- (r) To use the remuneration report as the main vehicle through which the Company reports to shareholders on director's remuneration and to ensure that the report forms part of, or is annexed to, the annual report and accounts.
- (s) To present a balanced and understandable assessment of the Company's position and prospects. This duty extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.
- (t) To explain the board's responsibility for preparing the accounts.
- (u) To report that the business is a going concern, with supporting assumptions or qualifications as necessary.

- (v) To consider each year whether the circumstances are such that the shareholders should be invited to approve the policy set out in the board's report to shareholders on remuneration. The board should minute its conclusions.

#### **4. Agreements**

- (a) To approve the acquisition by the Company in the UK or overseas of an asset, including shares or any other interest in the capital of a body corporate where the consideration to be paid exceeds 5% of the Group's net assets.
- (b) To approve the disposal by the Company in the UK or overseas of an asset, including shares or any other interest in the capital of a body corporate where the consideration to be received exceeds 5% of the Group's net assets.
- (c) To approve any agreement to be entered into by a Group Company which cannot be terminated by the relevant Group Company without cause and has a term of more than one year
- (d) To enter into contracts not in the ordinary course of business.

#### **5. Administration**

- (a) To authorise the affixing of the common seal of the Company to any document (other than share certificates and certificates issued in respect of debentures), and to decide who will sign any document to which the seal is affixed either generally or in relation to a particular instrument or type of instrument.
- (b) To grant a power of attorney.
- (c) To recommend to shareholders the alteration of the memorandum or articles of association of the Company.
- (d) To alter the accounting reference date or registered office of the Company.
- (e) To recommend to shareholders the alteration of the name of the Company.
- (f) To recommend to shareholders the appointment of the external auditors after receiving a recommendation from the audit committee.
- (g) To approve the appointment of key advisers, including brokers and nominated adviser.

#### **6. Communications with Shareholders**

- (a) To authorise the convening of and to approve the notice of, and any proxy form relating to, any general meeting of the Company.
- (b) To approve the issue of any circular to shareholders of the Company or of any other company.

## **7. Board Appointments and Arrangements**

- (a) To approve the appointment or removal of directors or the company secretary and arrangements in connection with those appointments and removals.
- (b) To approve the appointment of directors to specified offices, including the appointment of the senior independent director and chief executive.
- (c) To approve the terms of any authorisations given to directors or senior managers.
- (d) To approve arrangements relating to the resignation of directors.
- (e) To approve applications by executive directors for permission to accept outside appointments.
- (f) To establish committees of the board, appoint members and chairmen and set terms of reference.

## **8. Miscellaneous**

- (a) To approve any amendments to (i) the terms of the share dealing code which is adopted by the Company from time to time, (ii) the terms of reference of any committee of the Board (including the audit and remuneration committees), and/or (iii) the terms of this Schedule.
- (b) To consider and conduct, as it sees fit, any material litigation or litigation with a value of more than £100,000.