

# **FALCO RESOURCES LTD.**

## **BOARD OF DIRECTORS CHARTER**

### **I. OVERALL ROLE AND RESPONSIBILITY**

The Board of Directors (the “**Board**”) of Falco Resources Ltd. (the “**Corporation**”) is elected by the Corporation’s shareholders to supervise the management of the business and affairs of the Corporation.

The Board monitors the manner in which the Corporation conducts its business as well as the senior management responsible for the day-to-day operations of the Corporation. It sets the Corporation’s policies, assesses their implementation by management and reviews the results.

The prime stewardship responsibility of the Board is to ensure the viability of the Corporation and to ensure that it is managed in the best interest of the Corporation and its shareholders as a whole while taking as well into account the interests of other stakeholders. Directors shall exercise their business judgment in a manner consistent with their fiduciary duties. In particular, directors are required to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board’s main expectations of the Corporation’s management are to protect the Corporation’s interests and ensure the long-term growth of shareholder value.

### **II. MEMBERSHIP AND QUORUM**

The Board shall be composed of a minimum of 3 and a maximum of 12 members. The Board shall also be constituted with a majority of individuals who qualify as independent directors, as per the standards of independence established in Regulation 58-101 *respecting Disclosure of Corporate Governance Practices* and Regulation 52-110 *respecting Audit Committees*.

The quorum at any duly constituted meeting of the Board is a majority of directors in office.

### **III. STRUCTURE AND OPERATIONS**

Proceedings and meetings of the Board are governed by the provisions of the by-laws of the Corporation relating to the regulation of the meetings and proceedings of the Board insofar as they are applicable and not inconsistent with this Charter and the other provisions adopted by the Board in regards to committee composition and organization.

### **IV. DUTIES AND RESPONSIBILITIES OF THE BOARD**

In addition to statutory responsibilities, the Board, either directly or through one of its committees, assumes responsibility for:

- (a) **satisfying itself**, to the extent feasible, as to the integrity of the President and Chief Executive Officer (“CEO”) and other senior officers, and that the CEO and other senior officers maintain a culture of integrity throughout the Corporation;
- (b) **ensuring** that the Corporation is operated so as to preserve its financial integrity and in accordance with policies approved by the Board;
- (c) **ensuring**, through the Nominating and Corporate Governance Committee, that appropriate structures and procedures are in place so that the Board and its committees can function independently of management and in accordance with sound corporate governance practices;
- (d) **reviewing and approving** key policy statements developed by management on various issues such as ethics, regulatory compliance and communications with shareholders, other stakeholders and the general public;
- (e) **discussing and developing** the Corporation’s approach to (i) corporate governance (ii) environmental, social and governance (ESG) and (iii) diversity and inclusion initiatives and strategies in general, with the involvement of the Nominating and Corporate Governance Committee and other committees of the Corporation, as the case may be;
- (f) **adopting** a strategic planning process and thereafter reviewing and, where appropriate, **approving**, annually, a strategic plan and a budget which takes into account, among other things, the opportunities and risks of the business (all of which are developed at first by management), and **monitoring** the Corporation’s performance with reference to the adopted budget and strategic plan;
- (g) **appointing** the CEO, **setting forth** the position description, as well as **planning** for the succession of the CEO with the recommendation of the Nominating and Corporate Governance Committee and the Compensation Committee respectively;
- (h) **evaluating** the performance and **reviewing** the compensation of the CEO with the Compensation Committee, and **ensuring** that such compensation is competitive and measured according to appropriate benchmarks which reward contribution to shareholder value;
- (i) **appointing, training, evaluating and monitoring** officers as well as planning for their succession with the recommendations of the Nominating and Corporate Governance Committee; **determining** management compensation with the recommendations of the Nominating and Corporate Governance Committee and the Compensation Committee, respectively and **ensuring** that such compensation is competitive and measured according to appropriate industry benchmarks;
- (j) **overseeing**, through the Audit Committee, the quality and integrity of the Corporation’s accounting and financial reporting systems, and disclosure controls and procedures;
- (k) **ensuring**, through the Audit Committee, the integrity of the Corporation’s internal controls and management information systems;
- (l) **overseeing**, through the Audit Committee, the process for evaluating the adequacy of internal control structures and procedures of financial reporting;

- (m) **overseeing**, through the Audit Committee, cybersecurity, privacy and data security risk exposure;
- (n) **advising** management on critical and sensitive issues;
- (o) **ensuring** that the Board's expectations of management are understood, that all appropriate matters come before the Board in a timely and effective manner and that the Board is kept informed of shareholder feedback;
- (p) **conducting** annually, through the Nominating and Corporate Governance Committee, a review of Board practices and the Board's and committees' performance (including director's individual contributions), to ascertain that the Board, its committees and the directors are capable of carrying out and do carry out their roles effectively;
- (q) **ensuring** with the Compensation Committee, the adequacy and form of the compensation of non-executive directors taking into account the responsibilities and risks involved in being an effective director;
- (r) **determining**, with the Nominating and Corporate Governance Committee, in light of the opportunities and risks facing the Corporation, what competencies, skills and personal qualities the Board should seek in recruiting new Board members, and the appropriate size of the Board to facilitate effective decision-making;
- (s) **determining**, annually, with the Nominating and Corporate Governance Committee, the independence of each member of the Board as such term is defined by applicable laws and regulations including, rules and guidelines of stock exchanges to which the Corporation is subject;
- (t) **setting forth**, with the recommendation of the Nominating and Corporate Governance Committee, the position description for the Chair of the Board and the Chair of the committees of the Board;
- (u) **determining** annually, with the Audit Committee, if each member of the Audit Committee is "financially literate" as such terms are defined under applicable laws and regulations including rules and guidelines of stock exchanges to which the Corporation is subject;
- (v) **selecting**, upon the recommendation of the Nominating and Corporate Governance Committee, nominees for election as directors;
- (w) **selecting** the Chair of the Board;
- (x) **selecting**, to the extent the Chair of the Board is not independent, the Lead Director of the Board and ensure the director appointed as Lead Director is and remains independent at all times;
- (y) **ensuring**, through the Nominating and Corporate Governance Committee, that new directors have a good understanding of their role and responsibilities and of the contribution expected of them (including as regards attendance at, and preparation for, meetings), and that they are provided with adequate education and orientation as regards the Corporation, its business and activities;
- (z) **reviewing and approving** all material transactions;

- (aa) **approving** unbudgeted capital expenditures, or significant divestiture, as well as acquisitions where environmental or other liabilities exist and which could result in significant exposure to the Corporation;
- (bb) **reviewing and approving**, with the involvement of the relevant committee of the Board, the content of the principal communications by the Corporation to its shareholders and the public, including, as applicable, quarterly and annual financial statements and management's discussion and analysis, annual information form, information circulars, prospectuses and other similar documents which may be issued and distributed;
- (cc) **ensuring** ethical behavior and compliance with laws;
- (dd) **monitoring**, directly or through one of its committees, compliance with the Code of Ethics and the Anti-Bribery, Anti-Corruption and Anti-Money Laundering Policy; and
- (ee) **consider** the means by which stakeholders can communicate with the members of the Board (including independent directors).

Directors are expected to make reasonable efforts to attend all Board meetings and to review materials distributed to them in advance of Board meetings.

## V. CHARTER

The Nominating and Corporate Governance Committee shall periodically review this Charter and recommend appropriate changes to the Board.

---

*This Charter was approved and ratified by the Board of Directors on May 25, 2016 and was last reviewed on September 20, 2023.*