



## **ALMONTY INDUSTRIES INC.**

### **MANDATE OF THE BOARD OF DIRECTORS**

**January 23, 2012**

The Board of Directors (the “Board”) of Almonty Industries Inc. (the “Corporation”) believes that the appropriate mix of skills, experience, age and gender will help to enhance its performance. The Board’s composition should reflect business experience compatible with the Corporation’s business objectives.

#### **Fiduciary Duty and Duty of Care**

The Board’s fundamental relationship with the Corporation is guided by a fiduciary principle that requires each director to act honestly and in good faith with a view to the best interests of the Corporation. In exercising their powers and discharging their duties, every director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. These principles require a director to put the Corporation’s interests first, avoid conflicts of interest and avoid exploiting business opportunities of the Corporation for self-interested purposes. This mandate is not intended to expand upon the standards of conduct prescribed under statutory or regulatory requirements for directors of a corporation.

The Board may designate the officers of the Corporation, specify their duties and delegate to them powers to manage the day to day business and affairs of the Corporation. In addition, the Board discharges its responsibilities through standing committees such as the Audit Committee and the Compensation and Corporate Governance Committee and may also periodically form special committees to address specific issues of a more short-term nature. The duties and responsibilities delegated to standing committees of the board are prescribed in the charters for such standing committees.

Additionally, absent actual knowledge to the contrary, the Board shall be entitled to rely on (i) the integrity of those persons or organizations within or outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided by such persons or organizations, and (iii) representations made by management and such persons or organizations in relation to any services provided by such persons or organizations to the Corporation and its subsidiaries.

#### **Meetings**

The Board shall meet at least four times annually, or more frequently, as circumstances dictate. In addition, the Board shall hold separate, regularly scheduled meetings of independent directors at which members of management are not present.

#### **Position Descriptions**

The Board shall develop clear position descriptions for directors, including the Chair of the Board and the Chair of each Board committee. Additionally, the Board, together with the Chief

Executive Officer (“CEO”), shall develop a clear position description for the CEO, which includes defining management’s responsibilities. The Board shall also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.

### **Responsibilities**

The Board is elected by the shareholders and represents all shareholders’ interests in continuously creating shareholder value. The responsibilities of the Board include the following:

- Advocate and support the best interests of the Corporation.
- Review and approve strategic, business and capital plans for the Corporation and monitor management’s execution of such plans.
- Review whether specific and relevant corporate measurements are developed and adequate controls and information systems are in place with regard to business performance.
- Review the principal risks of the Corporation’s business and pursue the implementation by management of appropriate systems to manage such risks.
- Monitor progress and efficiency of strategic, business and capital plans and require appropriate action to be taken when performance falls short of goals.
- Review measures implemented and maintained by the Corporation to ensure compliance with statutory and regulatory requirements.
- Select, evaluate and compensate the CEO.
- Annually review appropriate senior management compensation programs.
- Monitor the practices of management against the Corporation’s disclosure policy to ensure appropriate and timely communication to shareholders of material information concerning the Corporation.
- Monitor safety and environmental programs.
- Monitor the development and implementation of programs for management succession and development.
- Approve selection criteria for new candidates for directorship.
- Provide new directors with a comprehensive orientation and provide all directors with continuing education opportunities.
- Assure shareholders of conformity with applicable statutes, regulations and standards (for example, environmental risks and liabilities and conformity with financial reporting requirements).

- Establish the necessary committees to monitor the Corporation.
- Regularly conduct assessments of the effectiveness of the Board, as well as the effectiveness and contribution of each Board committee and of each individual director.
- Provide advice to and act as a sounding board for the CEO.
- Discharge such other duties as may be required in the good stewardship of the Corporation.

The Board also assumes responsibility for the following approvals:

*Financial Approvals:*

- Strategic plan
- Annual business and capital plans
- Annual financial statements and auditors' report, together with management's discussion and analysis and press release
- Quarterly financial statements, together with management's discussion and analysis and press release
- Budgeted capital expenditures
- Unbudgeted capital expenditures in excess of \$50,000
- Acquisitions/divestitures
- Significant financing or refinancing opportunities
- Dividend policy
- Share re-purchase programs
- Individual operating, real property or capital leases having total commitment in excess of \$100,000

*Human Resources Approvals:*

- Appointment/succession/dismissal of CEO\*
- Compensation of CEO\*
- Executive compensation arrangements and incentive plans\*

*Administration and Compliance Approvals:*

- Appointment of members to the committees of the Board and the chairs of such committees
- Nomination of directors
- Recommendation of auditors to the shareholders\*
- Management information circular and related materials
- Appointment of the Chair of the Board
- Major policies\*

\* Board may delegate to committees