

COLORADO RESOURCES LIMITED

(the “Corporation”)

**CORPORATE GOVERNANCE AND NOMINATING COMMITTEE
MANDATE**

(Adopted by the Board of Directors on November 19th, 2019)

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1. PURPOSE

The main purpose of the Corporate Governance and Nominating Committee (the “CG&N Committee”) of Colorado Resources Ltd. (“Colorado”) is to assist the Board in carrying out its responsibilities with respect to: developing and implementing principles and systems for the management of corporate governance (collectively, “Colorado’s Governance Operating Model”); establishing and leading the process for identifying and recruiting qualified individuals for Board and Board committee membership, as well as committee chairs; evaluating Board, Board committee, and individual-director performance; and establishing the process for ongoing development for directors.

2. COMPOSITION

The CG&N Committee shall be composed of not fewer than three directors and not more than five directors, all of whom shall qualify as independent directors pursuant to applicable securities regulatory requirements.

The Board, at its annual organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Corporate Governance and Nominating Committee for the ensuing year. The Board may at any time remove or replace any member of the CG&N Committee and may fill any vacancy in the CG&N Committee.

The Board shall have appointed the chair of the CG&N Committee on an annual basis.

The secretary of the Corporate Governance and Nominating Committee shall be designated from time to time from one of the members of the CG&N Committee or, failing that, shall be the Corporate Secretary, unless otherwise determined by the CG&N Committee.

The quorum for meetings shall be a majority of the members of the CG&N Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

3. CORE RESPONSIBILITIES

Board Composition and Nominations

Subject to the powers and duties of the Board, the CG&N Committee will:

- (a) Review annually the Board’s relationship with management to ensure the Board is able to, and in fact does, function independently of management;
- (b) Develop, and update annually and recommend to the Board for approval, a long term plan for Board composition that takes into consideration:
 - the independence of each director;
 - the competencies and skills the Board, as a whole, should possess;
 - the current strengths, skills and experience represented by each director, as well as each director’s personality and other qualities as

- they affect Board dynamics;
 - the diversity represented on the Board;
 - the appropriate size of the Board, with a view to facilitating effective decision- making;
 - the strategic direction of Colorado;
- (c) Develop recommendations regarding the essential and desired experiences and skills for potential directors, taking into consideration the Board’s short-term needs and long-term succession plans;
- (d) Develop and implement a process to handle any nominees for director who are recommended by security holders;
- (e) In conjunction with the Board Chair and the CEO, recommend to the Board nominees for election to the Colorado Board of directors, considering what competencies and skills each nominee will bring to the Board as well as whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

Corporate Governance

Subject to the powers and duties of the Board, the CG&N Committee will:

- (f) Review annually the corporate governance practices of Colorado in the context of its global business affairs and compare Colorado’s corporate governance practices against those recommended or required by any applicable regulator or stock exchange;
- (g) Ensure that the responsibilities of the Board are well understood by both the Board and management;
- (h) Review periodically, for Board approval, a Board Manual outlining the policies and procedures by which the Board will operate and the terms of reference for the Board, the Board Chair and the CEO, and committees of the Board;
- (i) In conjunction with the Board Chair and the CEO, assess the needs of the Board in terms of the frequency and location of Board and committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and make recommendations to the Board as required;
- (j) In conjunction with the Board Chair and the CEO, recommend committee members and committee chair appointments to the Board for approval and review the need for, and the performance and suitability of, those committees and make recommendations as required;
- (k) Review, monitor and make recommendations to the Board regarding the orientation and education of directors;

- (l) Review annually the recommendations of the Compensation Committee and reporting to the Board as to matters of directors' compensation and committee members compensation;
- (m) Review annually Colorado's directors' and officers' third-party liability insurance to consider adequacy of coverage;
- (n) Review annually the terms of reference, position descriptions and policies relating to corporate governance matters;
- (o) Review the Board's needs for formal Board, committee and individual director evaluation processes; and develop and implement appropriate processes;
- (p) Conduct annual Board assessment and report to Board;
- (q) Review and approve the request of an individual director to engage independent counsel in appropriate circumstances, at Colorado's expense;
- (r) With regard to Colorado's Ethics Code of Conduct (or equivalent policy/policies the "Code"):
 - Review and update periodically the Code and ensure that management has established a system to enforce the Code;
 - Review actions taken to ensure compliance with the Code and the results of confirmations and violations of such Code;
 - Ensure the Code, any revisions to the Code and any waivers to the Code granted by the Board are disclosed in a manner that meets regulatory guidelines;
 - Ensure that any departures from the Code by a director or senior officer that constitute a "material change" within the meaning of National Instrument 51- 201 Disclosure Standards, are reported in a manner that fully meets regulatory requirements;
- (s) Develop for Board approval any annual and/or interim reports of Colorado's governance practices. This report shall include adequate detail to meet or exceed any regulatory or legal governance disclosure requirements, in addition to any additional disclosure the Board deems important. Disclosure should include, but not be limited to the items in the governance disclosure checklist in the appendix to these Terms of Reference. The CG&N Committee shall communicate with other Board committees as necessary regarding disclosure of items under their respective terms of reference;
- (t) Implement and oversee measures for security holders to contact the independent directors, and ensure these measures are communicated to shareholders;
- (u) Review interlocking Board, multiple Board memberships and multiple

appointments to Audit Committees of directors and recommend for approval to the Board if required pursuant to Board policies;

- (v) Review any potential conflicts of interest involving a director for the purpose of determining independence and whether such conflict limits or impairs the role of the director;

4. RESPONSIBILITIES OF THE COMMITTEE CHAIR

The fundamental responsibility of the CG&N Committee Chair is to be responsible for the management and effective performance of the CG&N Committee and provide leadership to the CG&N Committee in fulfilling its mandate and any other matters delegated to it by the Board.

To that end, the Committee Chair's responsibilities shall include:

- (a) Working with the Chairman of the Board, the Chief Executive Officer and the Secretary to establish the frequency of the CG&N Committee meetings;
- (b) Providing leadership to the CG&N Committee and presiding over CG&N Committee meetings;
- (c) Facilitating the flow of information to and from the CG&N Committee and fostering an environment in which CG&N Committee members may ask questions and express their viewpoints;
- (d) Reporting to the Board with respect to the significant activities of the CG&N Committee and any recommendations of the CG&N Committee;
- (e) Leading the CG&N Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate;
- (f) Taking such other steps as are reasonably required to ensure that the CG&N Committee carries out its mandate.

5. AUTHORITY

The Corporate Governance and Nominating Committee shall have access to such officers and employees and to such information respecting Colorado, and may engage independent consultants and advisors at the expense of Colorado, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

6. ACCOUNTABILITY

The CG&N Committee Chair has the responsibility to make periodic reports to the Board, as requested, on corporate governance matters. The CG&N Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

7. MEETINGS

Meetings of the CG&N Committee shall be conducted as follows:

- (g) The CG&N Committee shall meet at least two times annually at such times and at such locations as may be requested by the Chair of the CG&N Committee.
- (h) Agendas for meetings of the CG&N Committee shall be developed by the Chair of the Committee in consultation with management and the Corporate Secretary, and should be circulated to CG&N Committee members one week prior to Committee meetings.
- (i) A member of the Committee may be designated as the liaison member to report on the deliberations of the CG&N Committee to the Board.
- (j) All meetings shall include an in-camera session of independent directors without management present.

8. ANNUAL BOARD APPRAISAL PROCESS

<u>Step</u>	<u>Date</u>	<u>Description</u>
1.		<ul style="list-style-type: none"> a) Review skills matrix and determine long term Board requirements and retirements b) Review Board and committee questionnaire and amend or append as needed c) Discuss appropriate form of individual director evaluations: paper and/or personal interviews by the Board Chair d) Establish methodology for appraising the performance of the Board Chair
2.		Send out board/committee questionnaire and initiate the individual director evaluation process
3.		Review the questionnaire and interview results
4.		Take conclusions of the review to the Board
5.		Initiate actions to improve Board, committee and individual performance.

9. COMMITTEE WORK PLAN TIMETABLE

The timetable on the following pages outlines the CG&N Committee’s schedule of activities during the year.

See table on next page.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A. Review Board's relationship with management		✓										
B. Develop, update and recommend to Board a long term Board composition plan		✓										
C. Recommend to Board essential and desired experiences and skills for potential directors		✓										
D. Develop and implement process for director nominees recommended by security-holders		✓										
E. Recommend director nominees to Board		✓										
F. Review corporate governance practices										✓		
G. Ensure responsibilities of the Board are well understood by both the Board and management	Ongoing											
H. Review Board Manual		✓										
I. Assess Board's needs for frequency and location of Board and committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings and recommend to Board		✓										
J. Recommend committee members and chairs and the performance and suitability of committees to Board		✓										
K. Review and monitor director orientation and education and recommend to Board		✓										
L. Review director compensation and recommend to Board		✓										
M. Review directors' and officers' third party liability insurance										✓		
N. Review terms of reference, position descriptions and policies relating to corporate governance matters										✓		
O. Review Board's needs for formal Board, committee and individual director evaluation processes; develop and implement appropriate processes										✓		
P. Conduct annual Board assessments (Board Effectiveness Assessment & Skills Assessment)										✓		
Q. Report to the Board on annual Board assessments		✓										
R. Peer to Peer Evaluations	✓	✓										
S. Review and approve any director request for independent counsel	As Needed											
T. Code of Ethics Policy:												
i) Review and update Code periodically and ensure management has system to enforce Code		✓										
ii) Review actions taken to ensure compliance and results of confirmations and violations		✓										
iii) Ensure the Code, any revisions and any waivers granted by Board are disclosed		✓										

iv) Ensure that any departures from Code are reported in a manner that fully meets regulatory requirements		✓											
U. Develop report to meet or exceed regulatory or legal governance disclosure requirements and communicate with other Board committees regarding disclosure of items under their mandates										✓			
V. Implement and oversee measures for shareholders to contact independent directors, and ensure these measures are disclosed		✓											
W. Review interlocking Board, multiple Board memberships and multiple appointments to Audit Committees of directors and recommend for approval to the Board if required pursuant to Board policies		✓											
X. Review potential conflicts of interest involving a director	As Needed												

APPENDIX: MANDATORY GOVERNANCE DISCLOSURE CHECKLIST

Mandatory Governance Disclosure Checklist Under CSA NI 58-101 and TSX Company Manual

Item	CSA	TSX
Disclose a statement of any significant ways in which Colorado's governance practices differ from TSX companies on the Colorado web site.		✓
Disclose the identity of each director and whether each director is independent or not independent; and describe the basis for that determination.	✓	
Disclose whether or not a majority of directors are independent/unrelated. If not, describe what the board does to facilitate its exercise of independent judgement in carrying out its responsibilities.	✓	
If a director is presently a director of any other reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	✓	
Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent director and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the most recently completed financial year.	✓	
If the independent directors do not hold regularly scheduled meetings at which members of management are not in attendance, describe what the board does to facilitate open and candid discussion among its independent directors.	✓	
Disclose whether or not the Board chair is independent. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	✓	
Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	✓	
Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	✓	
Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.	✓	
Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary for them to meet their obligations.	✓	
Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	✓	
Disclose whether or not Colorado has adopted a written code of ethical business conduct for the directors, officers and employees.	✓	
If Colorado has adopted a written code of ethical business conduct for its directors, officers and employees:	✓	
(i) disclose how a person or company may obtain a copy of the written code;		
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code;	✓	

(iii) provide a cross-reference to any material change report filed since the beginning of the most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	✓	
Describe any other (besides the Code of Ethics) steps the board takes to encourage and promote a culture of ethical business conduct.	✓	
Disclose whether or not the board has a nominating committee composed entirely of independent directors.	✓	
If the board does not have an independent nominating committee, describe why the board believes this appropriate, what steps the board takes to encourage an objective nomination process and identify the directors who participate in the consideration of director nominees.	✓	
If the board has a nominating committee, describe its responsibilities, powers and operation.	✓	
Describe the process by which the board identifies new candidates for board nomination.	✓	
Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	✓	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	✓	
Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees and its individual directors are performing effectively.	✓	
If board, committee and director assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its directors are performing effectively.	✓	
Disclose director attendance records at Board meetings.	✓	