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# **Rules of Procedure for the Board of Directors of Western Resources Corp. (the “Company”)**

Approved by Board of Directors of Western Potash Corp. on May 25<sup>th</sup>, 2016,  
Revised by Board of Directors of Western Resources Corp., on April 5<sup>th</sup>, 2017  
Updated by Board of Directors of Western Resources on October 28, 2020

## **Chapter 1 General Provisions**

**Article 1.** To further regulate the rules of discussion and the decision-making procedure of the Board of Directors, and clarify the obligations and authority of the Board of Directors and the professional committees, the following rules have been formulated in accordance with the *Business Corporations Act* (British Columbia), the *Interpretation Act* (British Columbia), *Articles of the Company and relevant regulations* (the “Company” in this policy refers specifically to Western Resources Corp.)

## **Chapter 2 Organization of the Board of Directors**

**Article 2.** The Board of Directors shall be responsible for the meetings of shareholders.

**Article 3.** The Board of Directors shall consist of five to nine directors and no more than two observers including at least three independent directors.

**Article 4.** Company shareholders have the right to propose to the Board of Directors director nominees of the ensuing Board according to the number of directors approved at the meetings of shareholders and the shareholding ratios of the shareholders.

**Article 5.** Directors shall be elected or removed at the meetings of shareholders or the board, in accordance with Section 14 of the Articles, taking office upon the day of appointment determined by the meetings of shareholders or the board and resigning upon the day of removal from office by the meetings of shareholders or the board. Observers shall be proposed by the Chairman, while the appointment and or removal are the responsibilities of the Board.

**Article 6.** Company Board members shall undertake the obligations of faithfulness, non-competition and due diligence to the Company Board members have the right to know the company operation status, executions of Board resolutions as well as performances of the company management, upon

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which they have the right to give opinions or suggestions to the management and the Board. Directors of the Board shall have the right to vote in board meetings, while Observers of the Board do not have the right to vote in board meetings.

**Article 7.** The Board of Directors can establish professional committees such as the Executive Committee, the Audit Committee, the Compensation Committee and the Corporate Disclosure Policy Committee, etc.

**Article 8.** The Executive Committee consists of executive directors and up to two senior management personnel, both the Audit Committee and the Compensation Committee consist of three independent directors, and the Corporate Disclosure Policy Committee consists of one executive director, Corporate Secretary and one senior management personnel.

**Article 9.** The Executive Committee is the decision-making organization of the Company, exercising the rights of the board per Section 18.1 of The Articles of the Company during the intervals between meetings of the board of directors. Other professional committees are advisory organizations.

### **Chapter 3 Powers and Duties of the Board of Directors and Professional Committees**

**Article 10.** The duties of the Board of Directors include the following:

- 10.1 Convene the meetings of shareholders, enforce meeting resolutions;
- 10.2 Propose the number of the composition of the Board to the Board of Directors, and elect and remove directors of the Company in accordance with section 14 of the Articles of the Company;
- 10.3 Determine the setup and organization of the professional committees under the Board of Directors;
- 10.4 Approve the Company's strategy;
- 10.5 Approve the Company's compensation policy;
- 10.6 Appoint and dismiss the CEO, President, CFO, and other senior management personnel of the Company;
- 10.7 Approve the borrowing, external investments, loans and guarantees of the Company;
- 10.8 Approve the Company's annual financial budget and final settlement;
- 10.9 Deliberate on plans that involve shareholder equity changes of the Company, including profit distribution, loss remediation, equity financing, stock option allocations, and mergers, spin-off, liquidation, etc., and submit to the shareholders for approval;
- 10.10 Adopt the Company's Stock Option Plan allocations, within the scope as approved and adopted

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by the shareholders;

10.11 Approve or remove the resolution(s) of the Executive Committee, and proposals of professional committees;

10.12 Carry out other duties authorized by the meetings of shareholders.

**Article 11.** The duties of the Executive Committee include the following:

11.1 Execute resolutions of the Board of Directors;

11.2 Approve the Company's annual operation plan;

11.3 Approve the basic management policies of the Company;

11.4 Deliberate on the Company's annual financial budget and final settlement;

11.5 Determine the establishment of branches, subsidiaries and representative offices of the Company;

11.6 Approve the annual financial budget and final settlement of branches, wholly-owned subsidiaries and representative offices;

11.7 Approve the subsidiaries' equity financing, debt financing, external investments, loans and parental guarantees;

11.8 Manage the execution of the Company's plans of profit distribution, loss remediation, equity financing, stock options and merging, division, liquidation, etc.;

11.9 Determine the set-up of the Company's departments and posts, as well as their roles and duties;

11.10 Determine the duties of senior management personnel of the Company, and conduct their performance assessment for reward / disciplines;

11.11 Determine job post adjustment, appointment and dismissal, remuneration, reward and disciplines of non-senior management personnel;

11.12 Approve and authorize the Company's senior management to sign Company contracts;

11.13 Approve Company plans on operation, management and project development;

11.14 Determine the non-performing asset disposal plan of the Company;

11.15 Determine the procurement and disposal of the Company's fixed assets;

11.16 Carry out other duties authorized by Articles of the Company and the Board of Directors.

**Article 12.** The duties of the Audit Committee include the following:

12.1 Evaluate the independence and professionalism of the external auditing institution, propose suggestions on engaging and replacing the auditing institution;

12.2 Arrange internal auditing of the Company, and supervise the rectification of problems found;

12.3 Employ independent institutions to provide professional opinions or special auditing suggestions if necessary;

12.4 Review the Company's quarterly and annual financial auditing reports and provide opinions;

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- 12.5 Evaluate the effectiveness of the Company's internal control, and supervise the rectification of internal control defects;
  - 12.6 Make work related proposals to the Board of Directors;
  - 12.7 Carry out other duties authorized by the Board of Directors.

**Article 13.** The duties of the Compensation Committee include the following:

- 13.1 Deliberate on and regularly evaluate the Company's compensation policies;
- 13.2 Deliberate on the remuneration of the directors;
- 13.3 Based on the operating targets of the Company, deliberate on and evaluate the structure and principle of the remuneration of the Company's senior management personnel;
- 13.4 Deliberate on the Company's pension, stock option and benefit plans;
- 13.5 Make work related proposals to the Board of Directors;
- 13.6 Carry out other duties authorized by the Board of Directors.

**Article 14.** The duties of the Corporate Disclosure Policy Committee include the following:

- 14.1 Deliberate on and evaluate the Company's information disclosure policies;
- 14.2 Review and approve the Company's press releases;
- 14.3 Evaluate the comprehensiveness, truthfulness, accuracy and punctuality of information disclosure of the Company;
- 14.4 Make work related proposals to the Board of Directors;
- 14.5 Carry out other duties authorized by the Board of Directors.

## **Chapter 4 Chairman of the Board and Corporate Secretary**

**Article 15.** The Board of Directors shall set up a position of Chairman, whom shall receive a majority of voting from all directors.

**Article 16.** The duties of the Chairman of the Board include the following:

- 16.1 Convene and preside over the meetings of shareholders and the Board of Directors;
- 16.2 Organize the enforcement of resolutions of the meetings of shareholders;
- 16.3 Sign and issue or authorize Chairman of the Executive Committee to sign and issue resolutions of the meetings of shareholders and the Board of Directors;
- 16.4 Check the enforcement of resolutions of the Board of Directors;
- 16.5 Propose nominees of senior management such as CEO, President, CFO to the Board;
- 16.6 Carry out other duties authorized by the Board of Directors.

**Article 17.** The Board of Directors shall establish a position of Corporate Secretary, to be appointed

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or removed by the Board of Directors.

**Article 18.** The duties of the Corporate Secretary include the following:

18.1 Organize the preparation for the meetings of the Company's shareholders, Board of Directors and professional committees;

18.2 Draft the records, minutes and resolutions of the meetings of shareholders, Board of Directors and professional committees, and oversee the implementation of the agreed matters;

18.3 Be responsible for the daily operations of the Board of Directors;

18.4 Be responsible for the information disclosure of the Company;

18.5 Be responsible for the record keeping of the Company's equities and stock options;

18.6 Be responsible for the management and storage of files and records of the meetings of the shareholders, Board of Directors and professional committees;

18.7 Be responsible for contacting and communicating with the securities regulating authorities and the stock exchanges;

18.8 Be responsible for handling investor relations;

18.9 Organize the preparation of marketing promotion and road show activities;

18.10 Handle other tasks arranged by the Chairman of the Board.

## **Chapter 5 Convention, Presiding and Notification of Meetings**

**Article 19.** The Board of Directors' meetings include regular meetings and temporary meetings.

**Article 20.** The Board of Directors shall convene a regular meeting 60 days before or after the end of each fiscal year. In case the Chairman of the Board deems it necessary, directors that exceeds one third of the total directors have made a joint proposal, or shareholders owning over 10% of the voting stocks of the Company have made a proposal, the Company shall notify directors to convene a temporary Board of Directors' meeting within ten working days upon receiving the proposal.

**Article 21.** The Board of Directors' meetings shall be convened and presided over by the Chairman of the Board. Should the Chairman fail to convene and preside over the meeting, the Chairman shall appoint one executive director to convene and preside over the meeting. If less than two of the Executive Committee members are not able to attend or participate in person, the Board of Directors shall arrange another time for the meeting.

**Article 22.** In case of an aforesaid temporary meeting, the proposing party shall submit a written proposal, signed by the proposing party, to the Chairman of the Board directly or through the

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Corporate Secretary, according to Section 20 of this policy. The written proposal shall include the proposer(s), reason or the actual objective base of the proposal, suggested time and method of the meeting, clear and specific proposal, contact methods of the proposer(s) and the suggested date, etc.

**Article 23.** Upon receipt of the written proposal and relevant materials, the Corporate Secretary shall forward them to the Chairman of the Board on the same day. If the Chairman of the Board deems that the matter contained in the proposal does not fall into the scope of responsibilities of the Board of Directors as regulated by the Articles of the Company and these Rules of Procedure, he/she can reject the proposal; if the Chairman of the Board deems that the proposal is unclear, not specific, or lacks sufficient relevant materials, he/she can request the proposer(s) to modify or supplement the proposal.

**Article 24.** The Board of Directors' meeting can be held either on site or off site. The quorum necessary for holding board meeting(s) and passing board resolution(s) must exceed half of the total board directors for either on-site or off-site board meetings.

**Article 25.** When convening any Board of Directors' meeting, the Corporate Secretary shall notify all directors seven working days in advance through emails. The email notification should include the date, venue, purpose, theme, method of meeting and date of notice of the meeting. For off-site meetings through ways of communication, such meeting notice shall indicate deadline for voting. If any special circumstance requires an immediate resolution from the Board of Directors, for the benefit of the Company, a temporary meeting of the Board of Directors can be convened disregarding the aforesaid requirements on notification method and time, but the convener needs to clarify on the meeting.

**Article 26.** Directors should review relevant meeting materials in advance of the meeting. They should attend the on-site meetings in person. In case a director is not able to attend the on-site meeting in person, he or she should provide clear opinions on the meeting issues in written, or authorize another director in written to attend the meeting on his/her behalf. The authorized director shall submit the written letter of authorization to the presider of the meeting before the meeting commences. For off-site meeting, directors should send their votes on meeting issues through emails before the required deadline.

**Article 27.** Directors can ask the management personnel, professional committees and other relevant persons for meeting theme related information which is needed for decision making, and relevant persons must carefully explain all the questions.

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**Article 28.** The Executive Committee and The Audit Committee shall convene meeting at least once every quarter. The Compensation Committee and The Corporate Disclosure Policy Committee shall convene meeting at least once every year.

**Article 29.** The meetings of professional committees are convened and presided over by the Committee Chairman, and refer to the notification methods and convention forms of Board of Directors' meetings.

## **Chapter 6 Voting, Resolution and Records of the Meeting**

**Article 30.** Directors have the right to vote on issues discussed at the meetings of Board of Directors they attend. Directors can agree with, object to or waive voting rights for any issue discussed. If a director does not vote on a meeting, does not attend a meeting, does not vote in communication, or authorize any other director to attend the meeting as its delegate, it shall be deemed as having waived the right to vote at the meeting.

**Article 31.** For issues to be discussed at the meetings of Board of Directors, the decision shall be deemed as valid if the number of votes in favor of, including directors attending in person, directors who vote in communication or as delegates, exceeds half of the total number of board directors.

**Article 32.** For on-site meetings, directors should vote at the meeting site, while the Corporate Secretary shall declare voting results on the meeting site immediately after the voting ends. For meetings convened through telecommunications and other off-site methods, the number of attending directors shall be calculated based on the number of effective votes received within the required voting period. Corporate Secretary shall announce the voting result to the Board of Directors after the required voting period ends.

**Article 33.** Should any individual director or its controlled or delegated appointee be conflicted by the issues discussed at the meeting (the "Interested Director"), such director shall declare this relevancy before voting and shall withdraw from voting. The approval of such issues should satisfy: half of the total directors' consent to this issue; all independent directors that attend the meeting consent to this issue. Non-Interested Directors shall not accept the authorization of the interested director(s) to attend and vote at the meeting.

**Article 34.** Related party transactions between shareholders that hold over 10% of Company shares and the Company shall be submitted to the Company board for voting, in which case it needs

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approval from more than half of the directors, and also must have approval of all attending independent directors. Interested director shall withdraw from the voting.

**Article 35.** Issues that should be reviewed by professional committees before being deliberated on by the Board of Directors shall be discussed at the Board of Directors' meeting with prior review by professional committees or by members of the professional committees to express their independent views during the board meeting.

**Article 36.** For issues that require independent opinions from the independent directors before being deliberated on by the Board of Directors, independent directors should provide their independent opinions within the specified period, otherwise they shall be deemed as having consented to such issues. When such issues are discussed at the meetings, independent directors shall not authorize non-independent directors to attend the meetings as their delegates.

**Article 37.** Members of professional committees shall conduct full discussions on items of specific professional meeting. The Corporate Secretary should record the recommendations and opinions for the specific committee meeting and submit it to the Board.

**Article 38.** The Corporate Secretary shall keep the original records for board meetings and professional committees. For on-site meetings, the Corporate Secretary shall prepare meeting minutes, which shall include the meeting date, venue, method of meeting convened, convener, names of attending directors or authorizing (authorized) attending directors, issues to be discussed, summary of directors' speeches, and the voting method and result of each issue. Attending directors have the right to request the Corporate Secretary to keep descriptive records of their speeches in the meeting minutes. For off-site meetings, the Corporate Secretary shall scan and archive notices of the meeting and files used by directors to vote through emails.

**Article 39.** Both the meeting minutes of Board of Directors' on site meetings and the scanned files of directors' voting through emails shall be archived by the Corporate Secretary as Company records.

**Article 40.** Upon the end of the meetings of Board of Directors, the Corporate Secretary shall prepare Minutes of the board meeting on a timely basis on the basis of meeting records. The Board Minutes should record opinions of the directors on meeting issues and the voting results, which needs to be reviewed and confirmed by directors in written. Board resolution(s) only records voting results on the meeting issues, to be signed and issued by Chairman of the Board. Upon the end of the meetings of Professional Committees, the Corporate Secretary shall prepare meeting minutes on a timely basis, to

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be signed and issued by the Chairman of the Professional Committee(s).

**Article 41.** Before release of resolutions or meeting minutes of the Board of Directors or professional committees, attending directors, committee members and senior management personnel shall be obliged to keep meeting contents confidential.

**Article 42.** Upon the Executive Committee meeting ends, the Corporate Secretary shall prepare meeting minutes on a timely basis and provide them to the Board Directors for review. When a director disagrees with any of the issues discussed, he /she should reply to the Chairman of the Board and Chairman of the Executive Committee, through emails within five business days after receiving the Executive Committee Meeting Minutes and copy to other Executive Committee members and Corporate Secretary. If directors who disagree with any of the meeting issues exceeds one third of the total Board directors, that issue must be proposed to the Board of Directors for further deliberation.

## Chapter 7 Supplementary Provisions

**Article 43.** These provisions are supplemental to and a refinement of relevant existing rules of the Board of Directors and professional committees of the Company, and shall be effective as relevant existing rules. Should there be any discrepancy between this document and other existing policies relating to the Company's Board of Directors or any professional committees of the Company, the provisions contained herein shall prevail.

**Article 44.** In these provisions, the words "exceed" and "exceeds" do not specify a number afterwards, while "over" must contain the number specified afterwards.

**Article 45.** These provisions become effective upon approval of the Board of Directors. Modification hereof shall follow the same procedure.

**Article 46.** The interpretation of these provisions shall be the obligation of the Board of Directors of the Company.

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