

NANOXPLORE INC. (the “Corporation”)

MANDATE OF THE BOARD OF DIRECTORS

The board of directors of the Corporation (the “**Board**”) is responsible for the supervision of the management of the Corporation’s business and affairs, with the objective of increasing corporate performance and, ultimately, shareholder value.

Although management conducts the day-to-day operations of the Corporation, the Board has a duty of stewardship and regularly assesses and monitors management’s performance.

In spite of the fact that directors may be elected by the shareholders to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. All decisions of each Board member must be made in the best interests of the Corporation.

Directors are expected to attend all Board meetings and review all meeting materials in advance. They are expected to take an active part in Board decisions.

From time to time, the Board may delegate certain tasks to its committees. However, such delegation does not relieve the Board of its overall responsibilities.

COMPOSITION AND QUORUM

The Board is composed of a minimum of three and a maximum of twelve members.

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

RESPONSIBILITIES

The Board has the following responsibilities:

With respect to strategic planning

- (1) Approving the Corporation’s long-term strategy, taking into account, amongst other matters, business opportunities and risks.
- (2) Approving and monitoring the implementation of the Corporation’s business plan.
- (3) Advising management on strategic issues.

With respect to human resources and performance assessment

- (1) Choosing the Chief Executive Officer (“**CEO**”) and approving the appointment of other senior management executives.
- (2) Monitoring and assessing the performance of the CEO and of senior management and approving their compensation.
- (3) Monitoring management and Board succession planning processes.
- (4) Monitoring the size and composition of the Board and its committees based on competencies, skills and personal qualities sought in Board members.
- (5) Approving the list of Board nominees for election by shareholders.

With respect to financial matters and internal control

- (1) Monitoring the integrity and quality of the Corporation's financial statements and the appropriateness of their disclosure.
- (2) Reviewing the general content of, and the Audit Committee's report on the financial aspects of, the Corporation's Annual Information Form and Annual Report, as applicable, Management Proxy Circular, Management's Discussion and Analysis, prospectuses and any other documents required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities.
- (3) Approving annual operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investments or divestitures.
- (4) Determining dividend policies and procedures, as applicable.
- (5) Taking all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
- (6) Monitoring the Corporation's development of internal control and management information systems.
- (7) Monitoring the Corporation's compliance with applicable legal and regulatory requirements.
- (8) Reviewing at least annually the Corporation's communications policy and monitoring the Corporation's communications with analysts, investors and the public.

With respect to corporate governance matters

- (1) Taking all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout the Corporation.
- (2) Reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback, and the adequate public disclosure thereof.
- (3) Adopting and reviewing, on a regular basis, the Corporation's Code of Ethics, applicable to the Corporation's directors, its CEO, its financial officers and its other officers and employees and monitoring compliance with such code.
- (4) Taking all reasonable measures to ensure the annual performance assessment of the Board, Board committees, Board and committee chairs and individual directors.
- (5) Adopting orientation and continuing education programs for directors as to the business of the Corporation and as to directors' responsibilities generally.

METHOD OF OPERATION

- (1) Meetings of the Board are held at least quarterly and as required; in addition, a meeting of the Board is held, at least annually, which includes the review of the Corporation's strategic plan or annual budget.
- (2) The Board chair develops the agenda for each meeting of the Board. The agenda and the appropriate material are provided to directors of the Corporation on a timely basis prior to any meeting of the Board.
- (3) Independent directors meet periodically without management and other non-independent directors present.