

## **BOARD MANDATE AND GOVERNANCE GUIDELINES**

### **MAJOR DRILLING GROUP INTERNATIONAL INC. (the “Corporation”)**

#### **A. General Purpose of the Board of Directors**

1. The board of directors of the Corporation (the “Board”) is responsible for the stewardship of the Corporation and all subsidiaries and controlled entities, providing independent, effective leadership to supervise the management of the Corporation’s business and affairs to grow value responsibly, in a profitable and sustainable manner and with due regard for the interests of its shareholders generally and other stakeholders.
2. The Board has plenary power. Any responsibility not delegated to management or a Committee of the Board remains with the Board. This mandate has been prepared as terms of reference to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.
3. By way of a general summary, and as set out in more detail in this mandate, in addition to its statutory responsibilities, the Board has the following duties and responsibilities:
  - (a) developing, in conjunction with management, and approving a strategic plan for the Corporation;
  - (b) monitoring measures taken by management to ensure the financial integrity of the Corporation;
  - (c) approving and monitoring the adherence to the corporate purpose and core values of the Corporation;
  - (d) establishing performance measures for the Corporation and its management;
  - (e) overseeing and approving compensation matters related to the Corporation’s senior management;
  - (f) identifying, in conjunction with management, the principal risks of the Corporation’s business, and assessing risk management strategies;
  - (g) overseeing the Corporation’s ESG Framework and its Environment, Health and Safety programs; and
  - (h) performing such functions as it reserves to itself or which cannot, by law, be delegated to Committees of the Board or to management.

#### **B. Standards of Performance Required of Directors**

##### **4. Fiduciary Duty**

When exercising their powers and discharging their duties, Directors must act at all times, honestly and in good faith with a view to the best interests of the Corporation. The Directors are thus fiduciaries vis-à-vis the Corporation and, as such, they must advance the interests of the Corporation in an impartial and disinterested manner. In particular, Directors must not allow personal or business interests to conflict with the interests of the Corporation. Directors must not use their position as such, and information and knowledge derived from their position, for their personal gain or advantage. When acting with a view to the best interests of the Corporation, the Directors shall consider all relevant factors, which may include the interests of its stakeholders (shareholders, employees, retirees and pensioners, creditors, suppliers, customers, consumers, and governments), the environment, and the long-term interests of the Corporation.

Directors are also subject to a duty of confidence regarding the affairs of the Corporation. Directors should not disclose or provide to others access to confidential information about the Corporation.

5. Standard of Care

When exercising their powers and discharging their duties Directors must exercise the care diligence and skill that a reasonably prudent individual would exercise in comparable circumstances. This standard requires Directors to devote the necessary time and attention to the affairs of the Corporation and its subsidiaries, make necessary enquiries of management and others so as to make informed decisions, and make use of their education and experience.

**C. Composition and Board Organization**

6. Nominees for Directors are initially considered and recommended by the Corporate Governance and Nominating Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.

7. A majority of Directors comprising the Board must qualify as independent Directors, pursuant to the corporate governance rules of the Toronto Stock Exchange and applicable securities laws and regulations.

8. Directors who are not members of management will meet without management present and without any Director who is not considered an independent Director in accordance with the above provisions at every Board meeting to discuss matters of interest independent of any influence from management or non-independent Directors.

9. The Board has established four standing Committees which are: the Audit Committee, the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee and the Environment, Health & Safety Committee, and delegates certain of its duties and responsibilities to them. Other Committees or sub-Committees may be established on an ad hoc basis from time to time by Board resolution to deal with particular matters.

**D. Duties and Responsibilities**

10. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Certain of the legal obligations of the Board are described in detail in Section B. Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board (with the assistance of the Corporate Governance and Nominating Committee) retains the responsibility for managing its own affairs including:

- (a) planning its composition and size;
- (b) selecting its Chair;
- (c) nominating candidates for election to the Board;
- (d) approving Committees of the Board and membership of Directors thereon;
- (e) regularly assessing the effectiveness of the Board, Committees and Directors in fulfilling their responsibilities; and
- (f) adopting an orientation program for new Directors and a continuing education program for Directors to assist them in fully understanding the nature and operation of the business of the Corporation, the

role of the Board and its Committees and the individual contribution that Directors are expected to make.

11. Management and Human Resources

With the assistance of the Human Resources and Compensation Committee, the Board has the responsibility for:

- (a) the appointment and succession of the CEO and monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;
- (b) approving a position description for the CEO;
- (c) reviewing CEO performance at least annually, against agreed-upon written objectives;
- (d) approving decisions relating to executive officers<sup>1</sup>, including:
  - (i) the appointment and discharge of executive officers;
  - (ii) the compensation and benefits for executive officers;
  - (iii) the annual corporate and business unit performance objectives utilized in determining incentive compensation or other awards to executive officers; and
  - (iv) the employment contracts, termination and other special arrangements with executive officers.
- (e) monitoring the performance of executive officers;
- (f) ensuring succession planning programs are in place, including programs to train and develop management;
- (g) approving Director compensation; and
- (h) with the assistance of the Corporate Governance and Nominating Committee, the Board has responsibility for approving the acceptance of outside directorships on public companies by executive officers (other than not-for-profit organizations).

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<sup>1</sup> "Executive Officer" means a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, and a secretary.

12. Strategy and Plans

The Board has the responsibility to:

- (a) develop and adopt a strategic planning process and approve a strategic plan which takes into account, among other things, the opportunities and risks of the business of the Corporation;
- (b) approve capital commitment and expenditure budgets and related operating plans;
- (c) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;
- (d) approve material divestitures and acquisitions; and
- (e) monitor management's achievements in implementing major corporate strategies and objectives, in light of changing circumstances.

13. Financial and Corporate Matters

The Board has the responsibility to:

- (a) with the assistance of the Audit Committee, monitor the implementation and integrity of the Corporation's internal control and management information systems;
- (b) with the assistance of and on the recommendation of the Audit Committee:
  - (i) approve annual financial statements and managements' discussion and analysis relating thereto and approve the release thereof;
  - (ii) review quarterly financial results and managements' discussion and analysis relating thereto and approve the release thereof and the release of earnings announcements by management;
  - (iii) approve spending authority guidelines; and
  - (iv) recommend to shareholders the appointment of external auditors and approve the auditors' fees.
- (c) approve the management proxy circular, annual information form, annual report and documents incorporated by reference therein;
- (d) declare any dividends as considered appropriate;
- (e) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses and trust indentures;
- (f) approve banking resolutions and significant changes in banking relationships;
- (g) approve contracts, leases and other arrangements or commitments that may have a material impact on the Corporation; and
- (h) approve the commencement or settlement of litigation that may have a material impact on the Corporation.

14. Business and Risk Management

The Board has the responsibility to:

- (a) with management, develop a process to identify the principal risks of the Corporation's business and take reasonable measures to ensure the implementation of appropriate systems to manage these risks;
- (b) review reports on capital commitments and expenditures relative to budgets or objectives; and
- (c) review operating and financial performance relative to budgets or objectives;

15. ESG, Health and Safety

With the assistance of the Corporate Governance and Nominating Committee and the Environment, Health and Safety Committee, the Board has responsibility for oversight of the Corporation's global ESG Framework and its Environment, Health and Safety programs. As part of this oversight, the Board receives, on a regular basis, reports from management on matters relating to, among others, ethical conduct, environmental management, employee health and safety, diversity, and human rights.

16. Policies, Procedures and Compliance

The Board has the responsibility to:

- (a) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest, timely and accurate public disclosure, shareholder engagement, diversity, health and safety and the environment);
- (b) monitor compliance with all significant policies and procedures by which the Corporation is operated;
- (c) adopt a shareholder engagement policy and develop practices designed to allow for regular and constructive engagement with shareholders; and
- (d) ensure processes are in place for:
  - (i) adequate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;
  - (ii) the fair reporting of financial results in accordance with generally accepted accounting principles; and
  - (iii) the timely reporting of any other developments that have significant and material impact on the Corporation.
- (e) through the actions of the Board and its individual Directors and through the Board's interaction with and expectations of the Corporation's senior management, to promote a culture of integrity throughout the Corporation consistent with the Corporation's Code of Ethics and Business Conduct, including taking appropriate steps, to the extent feasible, to satisfy itself as to the integrity of the officers and other senior management of the Corporation, and to satisfy itself that the officers and other senior management are creating and maintaining a culture of integrity throughout the Corporation.
- (f) approve and monitor adherence to the Corporate purpose and core values of the Corporation.

17. Notification in the Event of Change of Principal Occupation

Any Director whose primary employment status changes must notify the Chair of the Corporate Governance and Nominating Committee and provide the Chair with details of such change.

Any Director who proposes to accept additional directorships of public companies must notify the Chair of the Corporate Governance and Nominating Committee and the Chair of the Board. All such directorships must be approved by both chairs. The notification of the chairs should be in writing and shall remain confidential pending confirmation of the appointment by other company.

18. Mandatory Resignation in the Event of Non-Attendance

The Board has adopted a policy that requires any Director who has served for a full year but fails to attend at least 75% of the Board and/or committee meetings to tender his or her resignation from the Board to the Chair of the Board, and said Chair shall then determine whether or not to accept the resignation after consultation with the chair of the Corporate Governance and Nominating Committee.

**E. Periodic Review of Board Effectiveness and Director's Effectiveness**

19. The Corporate Governance and Nominating Committee is responsible for approving and overseeing an annual process to assess the overall performance of the Board, each of the Directors, each of its committees, the Chair of the Board, and the Chair of each of its Committees, and to report its findings and recommendations for changes, if any, to the Board.

**F. Meetings without Management**

20. The Board appreciates the value of the regular attendance at each board meeting of non-board members who are members of the Corporation's senior management.

21. Attendance by senior management who are not on the Board shall be determined by the CEO with the concurrence of the Chair.

22. Management attendees will be excused for any agenda items that are reserved for discussion among Directors only.

**G. Ability of Directors to Retain Advisors**

Occasionally, individual Directors may need the services of an advisor or expert to assist on matters involving their responsibilities as board members. The Board has determined that any Director who wishes to engage an outside advisor at the expense of the Corporation may do so if he or she first obtains authorization of the Chair or the Corporate Governance and Nominating Committee.

**H. Committee Membership Rotation**

The Board favours the periodic rotation of Committee members and Committee Chairs. Such rotation will be made in a way that recognizes and balances the need for renewal of ideas and continuity, while ensuring the utilization of a member's particular expertise.