

COMPLIANCE POLICY

Coldwater Mining & Energy LTD | Updated February 2021

1) Intent

In order to be successful, organisations and the people who work for it should maintain a culture of integrity and compliance, and to consider the needs and expectations of stakeholders. Integrity and compliance are therefore not only the basis, but also an opportunity, for a successful and sustainable organisation.

An organisation's approach to compliance is ideally shaped by leadership, applying core values and generally accepted corporate governance, ethical and community standards. Embedding compliance in the behaviour of the people working for an organisation depends above all on leadership at all levels and clear values within the organisation.

Managing compliance is the responsibility of everyone in the Company.

In this policy:

1. compliance means mandatory requirement(s) the Company must have and/or adhere to, inclusive of legal and/or statutory obligations that are imposed (external obligations), and those by which the Company has set itself (internal obligations);
2. management refers to the executive and senior management teams as distinct from the Board, being those who have the opportunity to materially influence compliance outcomes, and foster a culture of compliance;
3. objective refers to the result(s) to be achieved;
4. risk means effect of uncertainty on objectives;
5. compliance management framework is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving compliance management throughout the Company.

This Policy applies to All directors, officers, employees and contractors of the Company are to comply with this policy.



Kevin R. Lomas
Managing Director & CEO



2) Compliance Management Framework

The Board has endorsed a compliance management framework to integrate compliance management into the Company's corporate governance and day to day business management processes.

Broadly speaking, the compliance management framework comprises:

Policy: This policy which outlines the Company's overall objectives as well as direction and intent with respects to compliance

Compliance Register: A register that records the relevant compliance obligations that are critical to the business (ie have statutory, regulatory and/or legal obligations attached to them) across departments within the Company, together with an assignment of individual responsibility for overall compliance management, monitoring and reporting. In consultation with the Manager – Risk and Compliance, each department within the Company is responsible for the development and completion of their compliance obligations within a register which will be used to monitor, measure and record against.

Department Structure: A departmental structure that represents the functional areas of the Company from which compliance obligations and commitments are derived.

All departments within the Company are subject to compliance and include:

- Site Management & Operations
- Exploration
- Health and Safety
- Land Access & Environmental
- Corporate Governance & Legal
- Information Security
- Contracts and Procurement
- Human Resources
- Finance and Tax
- Shipping
- Projects (& Studies);
- Corporate Affairs;
- Sales & Marketing

Department Compliance Documents: A suite of documents that outline methods of achieving compliance against the obligations outlined within the relevant compliance register for that department. Documents would typically take the form of controlled procedures, plans and processes, checklists and other tools deemed necessary in order to achieve and maintain compliance.



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Compliance Management Activities and Reporting

The Company will continuously develop, implement, evaluate and maintain its compliance management framework through a number of key activities including:

Identifying Compliance Obligations and Evaluating Risk: Company departments will systematically identify their compliance obligations and implications for their activities, products and services. Departments should take these obligations into account when establishing and developing its compliance related control documentation.

All departments will identify their compliance risks by relating their compliance obligations to their activities, products, services and relevant aspects of their operations in order to identify situations where non-compliance can occur. Risks relating to compliance are to be fully documented in accordance with the Company's Risk Management Framework.

Compliance risks should be periodically reassessed where there is:

- new or changed activities, products or services;
- changes to the structure or strategy of the organisation;
- significant external changes, such as financial-economic circumstances, market conditions,
- liabilities and client relationships; and
- any instances of non-compliances or potential non-compliances

Establishing Controls and Procedures: Controls are to be put in place to manage the identified compliance obligations and associated compliance risk. Effective controls are needed to ensure that the Company's compliance obligations are met and that potential non-compliances are prevented or detected and corrected. Such controls should, where possible, be embedded into normal organisational and day to day processes.

Procedures will be established, implemented and maintained to support this compliance policy and translate the compliance obligations into practice.

Monitoring & Measurement: The compliance management framework will involve monitoring and measurement to ensure compliance is achieved. A plan for continual monitoring will be established, setting out monitoring and testing processes, resources, schedules and the information to be collected.

Auditing: The Company will from time-to-time conduct audits at planned intervals to provide objective feedback on the effectiveness of the compliance management framework, including whether its compliance management system is meeting the Company's objectives for compliance and if it is being effectively implemented and maintained.



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Reporting: The Board and executive management, as well as those responsible for managing the compliance function, are to be fully informed on the current performance against compliance, including all non-compliances, and actively encourage and support a culture of full and frank reporting.

Regular compliance reports are to be prepared for the Board and executive management, in accordance with the compliance management framework. Compliance Management Policy POL-CMP Page 4 of 6

Reporting on compliance is to be addressed (where relevant) into all functional area reports, specifically in reference to:

- matters where the Company is required to notify any regulatory authority;
- any changes in material compliance obligations;
- details of any material non-compliances and analysis of them;
- corrective actions undertaken; and
- status of compliance management systems effectiveness.

A clear and timely escalation process is to be adopted and communicated to ensure that all non-compliances are raised, reported, and ultimately escalated through to relevant executive management and, where appropriate, the Audit and Risk Committee and Board.

Any material non-compliances including regulatory or statutory non-compliances where the Company is required by law to report or notify regulatory bodies must immediately be reported to executive management.

Training: Management are to ensure that all employees of the Company participate in compliance training relevant to their role, with specific emphasis on those that have direct compliance obligations.

Management Review: Management and the Audit and Risk Committee will undertake a review of the compliance management framework at least on an annual basis to ensure its continuing suitability, adequacy and effectiveness. Any changes will be recommended to the Board for approval.

Compliance Management Roles and Responsibilities

The Board will demonstrate leadership and commitment with respect to the compliance management framework by:

- ensuring the compliance policy and its objectives are established and consistent with the values of the Company;
- directing and supporting management to demonstrate their leadership as it applies to their areas of compliance responsibility;
- promoting continual improvement.



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Executive and Senior Management:

Management are to foster a culture of compliance throughout the organisation and be seen to be visibly leading in ensuring that compliance objectives are met. Specifically, they should;

- actively communicate the importance of the compliance management framework and conforming to its requirements;
- formally appoint a person within the business to oversee compliance obligations are being met across the Company;
- provide support to the compliance function and empower all areas of the business to do the same;
- allocate adequate resources to establish, develop, implement, evaluate, maintain and improve the compliance management framework;

Manager - Risk and Compliance:

Risk and Compliance in working together with the Board and management should be responsible for:

- reviewing department compliance obligations against policies, procedures and processes;
- providing and/or facilitating on-going training support for employees to ensure that all relevant employees are trained on a regular basis;
- setting in place a compliance reporting system; and
- ensuring the compliance management framework including its monitoring and reporting systems are reviewed at planned intervals and updated accordingly.

Supervisors and Other Staff:

All supervisory employees and their respective staff should:

- adhere to compliance obligations that are relevant to their position and duties;
- participate in training in accordance with the compliance management framework; and
- proactively report compliance concerns, incidents, issues and failures.

Contractors of the Company (particularly those who are actively operating on site) should also be made relevantly aware of the Company's compliance obligations and be expected to comply with those obligations where appropriate.



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Non-Compliance

The Company will deal with all non-compliances as and when they occur in a proactive and prompt manner by taking all appropriate action(s) to control and correct it, and/or manage the consequences.

Non-compliances may be investigated and where applicable updates will be made to the compliance management framework including if required any relevant systems or controls administered under the framework.

In accordance with the Company's Whistleblower Policy, the compliance management framework will actively support employees and/or others to report any suspected or actual misconduct in relation to the Company's compliance obligations on a confidential basis without fear or retaliation.

Continual Improvement

The Company will seek to continually improve the suitability, adequacy, and effectiveness of the compliance management framework.

Policies & Reviews

This policy will be reviewed (as a minimum) on an annual basis by Management and the Audit and Risk Committee.

Privacy

The Company respects your privacy and the privacy of others.

You should familiarise yourself with, and comply with:

- a) the privacy laws of Canada; and
- b) any privacy policies the Company has in place which detail the appropriate use of personal information.

If you have any questions about privacy, please contact the Company Secretary.



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