

# Location Based Technologies, Inc.

## GOVERNANCE AND NOMINATING COMMITTEE CHARTER

### Responsibilities:

The Governance and Nominating Committee (the "**Committee**") of the Board of Directors of Location Based Technologies Inc. (the "**Company**") will be responsible for overseeing and, as appropriate, making recommendations to the Board regarding, membership and constitution of the Board and its role in overseeing the affairs of the Company to assure that it is in compliance with all applicable governance requirements.

In particular, the Committee will:

- Review with the Board on an annual basis the appropriate skills and characteristics required of both new and existing Board members in the context of the strategic direction of the Company.
- Manage the process for evaluating current Board members at the time they are considered for re-nomination, provide advice to those Board members based on these evaluations, and recommend to the Board whether those Board members should be re-nominated, after considering the appropriate skills and characteristics required on the Board, the current makeup of the Board, the results of the evaluations, and the wishes of those Board members to be re-nominated.
- Solicit and receive recommendations for candidates for new directors, manage the process for evaluation of any candidates and recommend Board approval of any candidate deemed acceptable by the Committee.
- Assure that the process for the selection of directors and the process for shareholder nomination is fully disclosed to shareholders in the Company's annual proxy statement.
- Manage annual assessments of the performance of the Board and its committees and develop recommendations for improvements.
- Apprise the Board of any changes to the independence requirements established by regulators and listing bodies for Board and committee membership.
- Make itself aware of any change in status of any Board member as "independent" during the year, reconfirm that the independence requirements are met for the Board and all committees of the Board annually prior to distribution of the proxy statement, and recommend to the Board those directors to be designated as "independent" in the proxy statement.
- Investigate any potential conflict of interest of a director as requested by the Board.
- After receiving advice from the Chairman of the Board and the Chief Executive Officer and, considering the desires and qualifications of individual Board members, recommend committee assignments, including committee chairmanships, to the Board for approval.
- Consult with the Audit Committee concerning its designation of a member of the Audit Committee as a "financial expert" in accordance with relevant standards of regulators and listing bodies.
- Confirm that the Audit Committee or other body designated by the Board reviews and approves all related party transactions.
- Establish regular meetings of independent members of the Board of Directors no less frequently than twice a year.
- Review annually the corporate governance practices and policies and all committee charters and recommend to the Board any needed changes.

- Keep abreast of the developments in the corporate governance field that might affect the Company and, with the advice of counsel, periodically review and recommend changes to the Company's Certificate of Incorporation and Bylaws as they relate to corporate governance matters.
  - Confirm that Board member attendance at Board and committee meetings is tracked, reviewed and disclosed annually.
  - Consider from time to time an ongoing existing director development program.
  - Confirm that a code of conduct and ethics policy is in place for directors, executives and employees that complies with all applicable laws, and that such code is fully disclosed to shareholders.
  - Confirm that the compensation of all executive officers is approved by a committee of the Board or the entire Board.
  - Ensure that any material change to equity compensation plans, including any new plan, is presented to shareholders for approval.
  - Ensure that there is a policy in place which is disclosed for general communication between shareholders and the Board.

### **Committee Composition:**

The Committee shall be comprised solely of "independent" directors. An independent director cannot have any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For example, an independent director generally cannot receive payments from the Company or any parent or subsidiary of the Company in excess of \$60,000 during the current or any of the past three fiscal years, other than (i) compensation for board or board committee service and (ii) payments arising solely from investments in the Company's securities. "Independence" also requires a three-year cooling-off period for directors who are or were employees of the Company or of its independent auditors and for family members of the above. If future SEC or NASD rules require a more limited definition of "independent," then this charter will be deemed amended when so required to conform with any additional limitations. The Committee's chairperson shall be recommended by the Committee and designated by the full Board.

### **Policies and Procedures:**

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible in order to be able to best react to changing conditions, and to help ensure that the corporate accounting and reporting practices of the Company meet or exceed all applicable legal and business standards. However, the Committee will:

- Investigate any matter brought to its attention within the scope of its duties.
- Obtain the approval of the full Board of Directors of this Charter and review and reassess this charter at least annually or as conditions dictate.
  - Meet in an executive session at least annually near the end of the Company's fiscal year, and more frequently as circumstances dictate.
  - Be governed by majority vote of its members.
  - Report its actions and any recommendations to the Board after each Committee meeting, produce minutes of such meetings and review its performance as a committee on an annual basis.

The Committee may delegate, as it deems appropriate, its responsibilities and duties to subcommittees or individual members.

The Committee shall have the authority to obtain advice and seek assistance from internal and external legal, accounting and other advisors and to retain search firms and shall determine the extent of funding necessary for the payment of compensation to such persons.

Approved by the Board of Directors and the Committee as of October 3, 2011.

signed  
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Ronald Warner  
Chairman, Governance Committee

signed  
\_\_\_\_\_  
David M. Morse  
Chairman of the Board of Directors

Governance & Nominating Committee Charter - Final (October 3, 2011) **LOCATION  
BASED TECHNOLOGIES INC. GOVERNANCE & NOMINATING COMMITTEE CHARTER**