



BOARD OF DIRECTORS' WRITTEN MANDATE

1 POLICY

- 1.01 The Board is committed to the maximization of Shareholder value while adhering to all applicable laws and observing the highest ethical standards. The following principles have been approved and adopted by the Board. The Board recognizes corporate governance as an ongoing concern, and will review these principles at least annually, and more often if deemed appropriate.
- 1.02 This Policy describes standards of ethical behavior that each Director is expected to uphold. It does not address every situation that may be encountered, and is not a substitute for a Director's exercise of good judgment and common sense. A Director who has a question about a particular circumstance that may implicate a provision of this Policy should address the question with the Chairperson of the Audit Committee, who may consult with inside or outside legal counsel as appropriate. Directors who are also officers of the Corporation's subsidiaries are also subject to this Policy.
- 1.03 The Officers and Senior Management are accountable to the Board for the effective running of day-to-day operations of the Corporation.
- 1.04 This Policy should be read together with the Corporation's Code of Ethical Business Conduct ("**Code**"), and where inconsistent with the Code, the terms and conditions of the Code will apply.

2 PURPOSE

- 2.01 The purpose of this Policy is to set out the composition of the Board, the respective accountabilities of the Board and the management of the Corporation, and to provide guidance for the governance structures and processes to ensure that accountabilities are met and respected.

3 SCOPE

- 3.01 This Policy applies to the Board and the Officers of the Corporation.

4 COMPOSITION

The Board presently has four members, two of whom are independent members of the Board.

5. DIRECTOR QUALIFICATIONS

Directors must be committed to representing the long-term interests of the Shareholders. It is important to align the interests of Board members and Shareholders and therefore we encourage Board members to own shares of the Corporation in an amount that is meaningful to the Board member. Board members should possess a high degree of integrity and should have broad knowledge, experience and mature judgment. In addition to a meaningful economic commitment to the Corporation as expressed in share ownership, members should possess predominately business backgrounds, have experience at policy-making levels in business and/or technology, and bring a diverse set of business experience and perspectives to the Board.

6. DIRECTOR SELECTION

The Nominating Committee is responsible for reviewing the qualifications and independence of the members of the Board and its various committees on a periodic basis as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, their economic interest in the Corporation through meaningful share ownership, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board. Nominees for Directorship will be recommended to the Board by the Nominating Committee in accordance with the policies and principles in its charter. The ultimate responsibility for selection of new candidates resides with the Board.

7 RESPONSIBILITY

7.01 The Board is responsible for:

- (a) Appointing the Corporation's Officers and Senior Management;
- (b) Monitoring individual performance of the President (also the CEO) and the CFO and taking corrective action when required to create a culture of integrity throughout the organization;
- (c) Providing assurance to the Shareholders that all legal obligations have been met;
- (d) Adopting a strategic planning process, which takes into account the opportunities and risks of the Corporation's business;
- (e) Assessing the principal risks of the business, and ensuring that appropriate systems are implemented to manage those risks;
- (f) Succession planning for Board members and Senior Management;
- (g) Creating and approving compensation mechanisms for Senior Management;
- (h) A Communications Policy for the Corporation;
- (i) Ensuring the adequacy and effectiveness of internal controls and

- management information systems;
- (j) Approving the annual budget and capital expenditure program;
- (k) Monitoring Corporation performance on behalf of the Shareholders;
- (l) Establishing a process to permit Shareholders to directly contact independent Directors;
- (m) Considering what competencies and skills the Board, as a whole, should possess and assessing what competencies and skills each existing Director possesses;
- (n) Ensuring that all new Directors receive a comprehensive orientation;
- (o) Providing continuing education opportunities for all Directors;
- (p) Ensuring that the Corporation adheres to governance requirements set out in the corporate by-laws and proposing any necessary changes to the Shareholders; and
- (q) Establishing and articulating Governance Policy and related procedures.

7.02 Some responsibilities of the Board may be delegated to subcommittees of the Board. All substantive subcommittee decisions must be approved by the Board.

8 DEFINITIONS

- 8.01 “**Accountabilities**” means a set of responsibilities for which an individual, or group of individuals, is accountable to another individual or group of individuals. For example, the Board is *accountable* to the Shareholders of the Corporation for effective governance.
- 8.02 “**Confidential Information**” is defined in the Corporation’s Confidentiality Agreement.
- 8.03 “**Corporate Governance**” means the processes and structure used to direct and manage the affairs of the Corporation, with the objective of maximizing Shareholder (or owner) value. This includes ensuring the financial viability of the Corporation. The processes and structure define the allocation of responsibility and power, and sets out the accountabilities among the Shareholders, the Directors and Management.

9. REFERENCES OF POLICY AND PROCEDURE

Business Corporations Act (Canada, and for each province, depending upon jurisdiction of incorporation)

National Instrument 58-101

Corporation By-Laws and others if applicable.

10 PROCEDURES

10.01 Board Responsibilities, Committees and Meetings

- (a) The Board is primarily responsible for overseeing the conduct of the business and supervising management.

- (b) The Board shall establish the following *standing* committees:
 - (i) Audit Committee
 - (ii) Nominating Committee
 - (iii) Compensation Committee

Standing committees shall submit all substantive decisions to the Board for approval. All Committees shall minute their meetings and introduce these minutes into the minutes of the Board on a regular basis.
- (c) In addition, *ad hoc* committees may be established and/or dissolved at any time by resolution of the Board. Ad hoc committees shall follow the same rules of procedure as standing committees.
- (d) The Board is responsible for ensuring that processes are in place to ensure that applicable laws are complied with in each of the countries, provinces, states, and municipalities in which the Corporation does business.
- (e) Directors shall attend the annual shareholders meeting.
- (f) Regular meetings of the Board shall be held at a minimum quarterly, or at other more frequent intervals set by the Board. Advance notice shall be provided as required by the *Business Corporations Act*, unless such notice is waived by all Directors. Minutes shall be taken and subsequently distributed by the Corporation Regulatory Administrator.
- (g) Independent Directors shall regularly schedule meetings at which non-independent Directors are not in attendance. Advance notice shall be provided as required by the *Business Corporations Act*, unless such notice is waived by all Directors. Minutes shall be taken and subsequently distributed by the Corporation Regulatory Administrator.
- (h) Information that is important to the Board's understanding of the business to be conducted at a Board or Committee meeting should generally be distributed in writing to the Directors before the meeting and Directors should review these materials in advance of the meeting.
- (i) The Chairman will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda.
- (j) The Board may hold meetings by telephone.
- (k) The Board may approve matters without a meeting by means of each Director signing a resolution.
- (l) Directors who do not attend at least 75% of Board meetings may be required by the Chairman to resign their seat.

10.02 Management Responsibilities

- (a) Management is responsible for the effective running of the day-to-day operations of the Corporation. This includes:
 - (i) Planning and day-to-day decision-making, which reflects the intentions of the Board and the interests of the owners;
 - (ii) Analysing the principal risks of the business, and ensuring that appropriate systems are implemented to manage those risks;
 - (iii) Proposing a strategic planning process;
 - (iv) Succession planning for key management personnel;
 - (v) Appointing, training and monitoring the performance of Senior Management;
 - (vi) Ensuring the adequacy and effectiveness of internal controls and management information systems; and

- (vii) Reporting on a regular basis to the Board financial results and other information necessary for the Board to discharge its responsibilities.
- (b) Management is responsible for providing effective management of the affairs of the Corporation by establishing additional policies and procedures to ensure its accountabilities are met.
- (c) Management is responsible for implementing decisions of the Board and for providing the Board with the information and analysis it requires for the effective performance of its duties.

11 DIRECTOR'S CODE OF CONDUCT

11.01 Conflicts of Interest

- (a) Directors must avoid conflicts of interest with the Corporation. A conflict of interest occurs when:
 - (i) a Director's private interests interfere in any way, or can reasonably be expected to interfere in any way, with the interests of the Corporation;
 - (ii) a Director or a member of his or her immediate family receives an improper personal benefit as a result of the Director's position as a Director of the Corporation; or
 - (iii) a Director has other duties, responsibilities or obligations that run counter to his or her duty to the Corporation.
- (b) A Director must immediately disclose to the Chairperson of the Audit Committee and the Chairman any situation that involves, or may reasonably be expected to involve, a conflict of interest. While this Policy does not attempt to describe all possible conflicts of interest that could arise, the following are some of the conflicts of interest that Directors must avoid:
 - (i) Receiving loans or guarantees of obligations as a result of one's position as a Director;
 - (ii) Engaging in conduct or activity that improperly interferes with the Corporation's existing or prospective business relationships with a third party;
 - (iii) Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Corporation; and
 - (iv) Accepting, or having a member of a Director's immediate family accept, a gift from persons or entities that deal with the Corporation, in cases where the gift, considered in light of the totality of the circumstances, would reasonably be expected to influence the Director's actions as a member of the Board.

11.02 Business Relationships with Directors

Any direct or indirect monetary arrangement for goods and services between a Director or a member of the Director's immediate family and the Corporation or a member of the Corporation's senior management must be approved by the Board.

11.03 **Use of Corporate Information, Opportunities and Assets**

Directors may not compete with the Corporation or use opportunities that are discovered through the use of Corporation information or their position with the Corporation for their own personal benefit or for the benefit of persons or entities outside the Corporation. Directors may not waste or improperly use any Corporation asset.

11.04 **Confidentiality**

A Director may never use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Corporation. Directors shall not disclose Confidential Information outside the Corporation either during or after their service as a Director of the Corporation, except with the express or implied consent of the Board or as required by law. Each Director and Officer of the Corporation shall sign a Confidentiality Agreement to ensure non-disclosure of Confidential Information.

11.05 **Reporting of Violations**

Directors should communicate any suspected violations of this Policy promptly to the Chairperson of the Audit Committee. Suspected violations shall be investigated by or at the direction of the Board or the Audit Committee, and appropriate action shall be taken in the event that a violation is confirmed.

11.06 **Waiver**

The Board is responsible for monitoring compliance with the Policy. Waivers of a provision of this Policy can only be made by the Board, and shall be granted only in very exceptional circumstances. The Corporation shall disclose any such waiver and the reasons for it, in accordance with legal and regulatory requirements. A Director who becomes aware of a circumstance that may require a waiver shall promptly bring the circumstance to the attention of the Chairperson of the Audit Committee.

12 **ATTACHMENTS**

None.