

Director's Position

Specific Duties of Directors

- **Overseeing and approving a strategy for the business.**

The Directors, individually and collectively, have the responsibility to participate in developing and approving the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals. Directors must ensure there is congruence between shareholder expectations, Company plans and management performance.

- **Management of the Board and selection and oversight of senior management.**

Directors, individually and collectively, are responsible for managing the Board affairs, including planning its composition, selecting its chair, nominating candidates for election to the Board, appointing committees and determining Director compensation. Directors, individually and collectively, have the responsibility for management succession including the appointment, monitoring and replacement of the Chief Executive Officer as well as Chief Executive Officer compensation. Directors have the responsibility for approving the appointment and compensation of senior management acting upon the advice of the Chief Executive Officer.

- **Monitoring and Acting**

Directors, individually and collectively, have the responsibility for monitoring the company's performance against goals and revising strategy as appropriate.

- **Approving Policies and Procedures for implementing strategy**

Directors, individually and collectively, have the responsibility for approving all significant policies and procedures and ensuring compliance with all laws and regulations, while adhering to the highest ethical and moral standards.

- **Reporting to shareholders on the performance of the business.**

Directors, individually and collectively, have the responsibility for the integrity and timely reporting to shareholders in addition to the approval of all dividends.



- **Approval and completion of routine legal requirements**

Directors, individually and collectively, are responsible for ensuring all legal requirements, documents and records have been properly prepared, approved and maintained.

Board Committees

- Audit Committee
- Compensation Committee
- Corporate Governance Committee

The responsibilities of each of these committees is as follows:

AUDIT COMMITTEE CHARTER

(Implemented Pursuant to Multilateral Instrument 52-110)

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

- a. The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the audit committee to be composed of three directors or such other number not less than three as the Board may from time to time determine, of whom the majority shall not be officers or employees of the Corporation or an affiliate of the Corporation. A majority of the audit committee shall constitute a quorum.
- b. Any member of the committee may be removed or replaced at any time by the Board. Any member of the committee ceasing to be a director shall cease to be a member of the audit committee. Subject to the foregoing, each member of the audit committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the committee shall be filled at the next meeting of the Board.

The responsibilities of the audit committee shall be to:

With respect to Financial Accounting Matters,

- 1) Review with management and the external auditors the annual consolidated financial statements, the annual report including the management discussion and analysis and the press release before making recommendations to the



- Board relating to approval of the statements. *Timing: year-end.*
- 2) Review with management, and if deemed necessary with the external auditors, interim financial statements, the quarterly report including the management discussion and analysis and the press release before making recommendations to the Board relating to approval of the statements. *Timing: first three quarters.*
 - 3) Review with management, and if deemed necessary with the external auditors, all financial statements included in a prospectus or annual information form or any other public disclosure document containing financial information before making recommendations to the Board relating to the approval of the same. *Timing: as required.*
 - 4) Review annually the accounting principles and practices followed by the Corporation and any changes in the same as they occur. *Timing: annually near year-end.*
 - 5) Review new accounting principles of the Canadian Institute of Chartered Accountants, which would have a significant impact on the Corporation's financial reporting as reported to the audit committee by management. *Timing: annually near year-end or as required.*
 - 6) Review estimates and judgments and choices of accounting alternatives, which are material to reported financial information as reported to the audit committee by management. *Timing: each quarter and year-end.*
 - 7) Review the status of material contingent liabilities as reported to the audit committee by management. *Timing: each quarter and year-end.*
 - 8) Review the status of income tax returns and potentially significant tax problems as reported to the audit committee by management. *Timing: immediately as known.*
 - 9) Review any errors or omissions in the current or prior year's financial statements. *Timing: immediately as known.*

With respect to Internal Controls,

Review with management, and if deemed necessary with the external auditors, the adequacy of the Corporation's internal controls over financial reporting and disclosure controls and procedures to ensure that:

- a) effective internal controls over financial reporting have been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's GAAP; and
- b) disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to the board of directors in a timely manner.

With respect to the External Auditors,

- 1) Review with management the performance and independence of the external auditors and report thereon to the Board at least annually, including, where appropriate, a recommendation to replace the external auditor. *Timing: year-end.*
- 2) Review with management the engagement letter of the external auditors and the scope and timing of the audit work to be performed as outlined in the Audit Plan. *Timing: annually.*
- 3) Review with the external auditors the performance of management involved in the preparation of financial statements and any problems encountered by the external auditors, any restrictions on the auditors' work, the cooperation received in the performance of the audit and the audit findings. *Timing: year-end.*
- 4) Review the management letter with management and the external auditors, noting any significant recommendations on internal control made by them to management and management's response to the recommendations. *Timing: mid-year starting in second year.*
- 5) Review with management and the external auditors, estimated and actual audit fees. *Timing: mid-year.*
- 6) Receive and review with the external auditors a formal written statement prepared by the external auditors that discloses all relationships, including the nature of and fees for any non-audit services performed for the Corporation, between the external auditor and the Corporation and consider whether the nature and extent of such services could impact on the objectivity and independence of the external auditor and, if necessary, recommending that the full board take appropriate action to oversee the independence of the external auditor. *Timing: as required.*



With respect to General Audit Matters,

- 1) Inquire of management, and the external auditors as to any activities that may be or may appear to be illegal or unethical. *Timing: each quarter and year-end.*
- 2) Review with management, and if deemed necessary, with the external auditors any material frauds reported to the audit committee. *Timing: immediately as known.*
- 3) Review with the external auditors the adequacy of staffing for accounting and financial responsibilities. *Timing: year-end.*
- 4) Report and make recommendations to the Board as the committee considers appropriate. *Timing: as required.*
 - c. In addition, the Board may refer to the audit committee such matters and questions relating to the Corporation and its affiliates as the Board may from time to time see fit.
 - d. Any member of the audit committee may require the auditors to attend any or every meeting of the audit committee.
 - e. The audit committee shall elect annually a chairman from among its members.
 - f. The audit committee shall review and reassess the adequacy of the formal mandate on an annual basis.
 - g. The times of and the places where meetings of the audit committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the audit committee; provided that notice of every such meeting and the circulation of the financial statements to committee members is at least 48 hours prior to the meeting. The auditors of the Corporation also shall be given such notice of meetings and shall be entitled to attend and be heard thereat, and that meetings shall be convened whenever requested by the auditors, or any member of the audit committee in accordance with the Business Corporations Act (1982).
 - h. At each meeting of the audit committee the independent members shall meet without management and consider any matters tabled by any such member. At each meeting at which the external auditors of the Corporation are in attendance, the independent members shall meet with the external auditors without management present and consider any matters tabled by any such member or the external auditors.
 - i. The audit committee shall support the senior management team and the Board in keeping abreast of changes occurring or proposed to regulatory requirements and/or general accounting guidelines, such that the Corporation adopts "best in class" accounting and internal control policies and practices.



- j. All prior resolutions of the Board relating to the constitution and responsibilities of the audit committee are hereby repealed.

Outside of the Mandate but as a matter of routine at each Audit Committee Meeting, the Chief Financial Officer will make a series of reports which will include;

1. *The CFO is not aware of any frauds or thefts of Corporation property*
2. *The CFO is not aware of any activities which may be illegal or unethical*
3. *There are no new contingent liabilities except as reported.*
4. *There are no new tax reassessments or other tax issues except as reported.*
5. *There are no prior year accounting adjustments except as reported.*

COMPENSATION COMMITTEE MANDATE

This Charter has been adopted by the Board in order to more properly define the role of the Committee in the oversight of the compensation strategy and policies for Directors, Officers and employees of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures as necessary.

- a. The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the Compensation Committee to be composed of two independent directors or such other number not less than two as the Board may from time to time determine. A majority of the Compensation Committee members will constitute a quorum, with a minimum of two.
- b. Any member of the Compensation Committee may be removed or replaced at any time by the Board. Any member ceasing to be a director shall cease to be a member of the Compensation Committee. Subject to the foregoing, each member of the Compensation Committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the committee shall be filled at the next meeting of the Board.
- c. The Board of Directors assumes responsibility for the stewardship of the corporation, and as part of this stewardship, through the Compensation Committee, assumes responsibility for the following:

The responsibilities of the Compensation Committee will include reviewing and

making recommendations to the Board with respect to the overall compensation strategy and policies for Directors, Officers and employees of the Company, more specifically these will include:

1. setting the goals and objectives for the compensation of the Chairman and Chief Executive Officer. *Timing: annually and as required.*
 2. evaluating the performance of the Chairman and Chief Executive Officer relative to the goals and objectives set and recommending to the Board the compensation level of the Chairman and Chief Executive Officer based on this evaluation. *Timing: annually and as required.*
 3. reviewing the annual compensation of all other senior executive officers of the Company as recommended by the Chief Executive Officer. The Chief Executive Officer shall attend the Compensation Committee meeting when senior executive salaries are discussed. *Timing: annually and as required.*
 4. reviewing the Company's issuance of Stock Options and Compensation Shares and recommending to the Board a prudent level for these instruments and any disbursements there from. *Timing: as required.*
 5. reviewing employment contracts for senior officers and employees and recommendation thereof and/or changes thereto to the Board. *Timing: on-going*
 6. reviewing the compensation of the Company's Directors, based on work performed, responsibility assigned and liability incurred as assessed by the Chairman, Chief Executive Officer and the other Directors. *Timing: as required.*
- d. In addition, the Board may refer to the Compensation Committee such matters and questions relating to compensation as the Board may from time to time see fit.
- e. Any member of the Compensation Committee may require experts to attend a meeting of the Compensation Committee.
- f. The Compensation Committee shall elect annually a chairman from among its outside director members.
- g. The times of and the places where meetings of the committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the Compensation Committee.



CORPORATE GOVERNANCE COMMITTEE MANDATE

This Charter has been adopted by the Board in order to more properly define the role of the Committee in the oversight of the strategic planning and corporate governance initiatives of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures as necessary.

- a. The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the Corporate Governance Committee to be composed of three outside directors or such other number not less than three as the Board may from time to time determine. A majority of the Corporate Governance Committee shall constitute a quorum.
- b. Any member of the Corporate Governance Committee may be removed or replaced at any time by the Board. Any member of the Corporate Governance Committee ceasing to be a director shall cease to be a member of the committee. Subject to the foregoing, each member of the Corporate Governance Committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the Corporate Governance Committee shall be filled at the next meeting of the Board.

The Board of Directors assumes responsibility for the stewardship of the Corporation, and as part of this stewardship, through the committee, assumes responsibility for the following:

With respect to the general management of the Corporation, **the Corporate Governance Committee will oversee:**

- 1) the strategic planning process and the development of the strategic plan for the Corporation. *Timing: annually.*
- 2) the development of the Code of Conduct and related policies to ensure the organization has a consistent frame of reference for dealing with complex issues relating to compliance with the laws of all jurisdictions within which it operates, confidentiality, integrity and individual responsibility and provide for accountability if employees or members of senior management or the Board fail to meet the Code's standards. *Timing: annual review of policies and as required for compliance issues.*
- 3) the establishment of a succession plan for the Corporation including the appointing, training and assessment of employees, senior management and the Board. *Timing: annually and as required.*



- 4) the development of a communications policy to ensure that public disclosure of the Corporation is timely and complete. *Timing: as required.*
- 5) and support the senior management team and the Board in keeping abreast of changes occurring or proposed to regulatory and market requirements to ensure the Corporation's approach to corporate governance issues, including, among other things, the Corporation's response to the guidelines set out by the TSX Venture Exchange, as appended (and as may be modified from time to time), such that, the Corporation adopts "best in class" corporate governance policies and practices. *Timing: on-going.*

With respect to the Risk Management of the Corporation, **the Corporate Governance Committee will conduct:**

1. a review of the risks inherent in all of the business activities of the Corporation. *Timing: at the first meeting of the committee and thereafter on an on-going basis.*
 2. an assessment of the integrity and adequacy of the internal control policies and procedures and information systems of the Corporation to ensure the corporation adequately mitigates the risks of its business activities. *Timing: at the first meeting of the committee and thereafter on an on-going basis.*
 3. the development of the authorities of senior management and the board regarding the major business activities of the Corporation to ensure a common understanding of these key authorities, including which activities require pre-approval and post approval requirements. *Timing: at the first meeting of the committee and thereafter on an on-going basis.*
- c. In addition, the Board may refer to the Corporate Governance Committee such matters and questions relating to the Corporation and its affiliates as the Board may from time to time see fit.
 - d. Any member of the Corporate Governance Committee may require experts to attend a meeting of the Corporate Governance Committee.
 - e. The committee shall elect annually a chairman from among its director members.
 - f. The times of and the places where meetings of the Corporate Governance Committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the committee.



- g. All prior resolutions of the Board relating to the constitution and responsibilities of the Corporate Governance Committee are hereby repealed.

Membership of these committees is as follows:

Audit Committee:

- Edward Marlow
- Peter Miles
- Dr. Nicholas Archibald

Compensation Committee:

- Edward Marlow
- Dr. Nicholas Archibald

Corporate Governance Committee:

- Edward Marlow
- Peter Miles
- Dr. Nicholas Archibald

