



## BOARD OF DIRECTORS

### CHARTER / TERMS OF REFERENCE

#### A. OBJECTIVES

The Board has the responsibility to oversee the conduct of the business of the Corporation and to supervise management, which is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure that the Corporation meets its obligations on an ongoing basis and to ensure that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should consider the legitimate interests that its stakeholders such as employees, customers and communities may have in the Corporation. In supervising the conduct of the business, the Board, through the Executive Chairman and President of the Corporation, shall set the standards of conduct for the enterprise.

#### B. PROCEDURE AND ORGANIZATION

The Board operates by delegating certain of its authorities to its committees and to management and by reserving certain powers to itself. The Board retains the responsibility for:

1. managing its affairs, including selecting its Chair, nomination of candidates for election to the Board, constituting committees of the Board and determining director compensation upon the recommendation of a committee of the Board; and
2. engaging any necessary internal and/or external advisors.

#### C. DUTIES AND RESPONSIBILITIES

##### 1. Legal Requirements:

- a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained.
- b) The Board has the statutory responsibility to:
  - i. exercise the powers of the Corporation directly or indirectly through the employees and agents of the Corporation;
  - ii. direct the management of the business and affairs of the Corporation; and
  - iii. act in accordance with its obligations contained in:
    - 1) The Corporations Act (British Columbia) and the regulations thereto;
    - 2) the Corporation's charter documents;
    - 3) the securities legislation of each province of Canada in which the Corporation is a reporting issuer;
    - 4) the United States federal securities laws, and the rules and regulations adopted thereunder by the Securities and Exchange Commission;

- 5) the rules and policies of the TSX Venture Exchange;
  - 7) other relevant legislation and regulations.
- c) The directors in exercising their powers and discharging their duties must:
- i. act honestly and in good faith with a view to the best interests of the Corporation; and
  - ii. exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances.
- d) The Board has the responsibility for considering, among other things, the following matters:
- i. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
  - ii. the filling of a vacancy among the directors or in the office of auditor;
  - iii. the issuance of securities for equity and debt capital;
  - iv. the declaration of dividends;
  - v. the purchase, redemption or any other form acquisition of shares issued by the Corporation;
  - vi. the payment of a commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation or from any other person or procuring or agreeing to procure purchases for any such shares;
  - vii. the approval of interim and annual financial statements of the Corporation; and
  - viii. the adoption, amendment or repeal of the charter documents of the Corporation.
- (e) The Board has constituted and delegated certain of its duties and responsibilities to the following committees of the Board:
- i. Audit;
  - ii. Compensation;
  - iii. Corporate Governance and

the scope, duties and responsibilities of which are mandated in their respective terms of reference.

## 2. Strategy Determination

The Board has the responsibility to ensure there are long-term goals and a strategic planning process in place for the Corporation and to participate with management directly in developing and approving the strategy by which it proposes to achieve these goals. The Board also has the responsibility for considering the annual operating budget including ensuring that it reflects the agreed upon strategies.

### 3. Commitment of Capital

The Board has the responsibility for approving the commitment of material capital for sustaining and expanding operations and for the acquisition of entities.

### 4. Managing Risk

The Board and its committees have the responsibility to identify and understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

### 5. Appointment, Training and Monitoring Senior Management

The Board and its committees have the responsibility:

- (a) to appoint the President, to monitor and assess the Executive Chairman and President's performances, against clearly stated objectives, to determine the Executive Chairman and President's compensations and to provide advice and counsel in the execution of management's duties;
- (b) to approve the appointment and remuneration of all corporate officers, acting upon the advice of the Executive Chairman and President; and
- (c) to ensure that adequate provision has been made to train and develop management and for the orderly succession of management.

### 6. Policies, Procedures and Compliance

The Board and its committees have the responsibility:

- (a) to ensure that the Corporation operates at all times within applicable laws and regulations and to ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (c) to ensure the Corporation satisfies environmental standards in its operations and is in compliance with environmental laws and legislation; and
- (d) to ensure the Corporation has a high regard for the health and safety of its employees in the workplace and has in place appropriate programs and policies.

### 7. Reporting and Communication

The Board and its committees have the responsibility:

- (a) to ensure the Corporation has in place programs and working relationships which result in an open and meaningful communication with employees, who the Board recognize as the foundation of the Corporation.
- (b) to ensure the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (c) to ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

- (d) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (e) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (f) to report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year.

8. Monitoring and Acting

The Board and its committees have the responsibility:

- (a) to monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) to take action when performance falls short of its goals and objectives or when other special circumstances warrant; and
- (c) to ensure that the Corporation has implemented adequate control and information systems which ensure the effective discharge of its responsibilities.

Adopted by the Board of Directors on May 2., 2005.