

TERMS OF REFERENCE FOR THE BOARD

1. PURPOSE

1. The directors are responsible for managing or supervising the management of the business and affairs of the Company. The directors are not responsible for the day-to-day management of the Company, which is the responsibility of the Company's executive officers, including the Company's Chief Executive Officer or Chief Financial Officer or such other senior officers as they may delegate from time to time (the "**Executive Management**").

2. RESPONSIBILITIES

In discharging their responsibilities, directors shall:

1. require management to develop and maintain a strategic planning process and present its strategic and operating plans to the Board on an annual basis or such other basis as may be required by the Board;
2. approve all capital plans and establish priorities in the allocation of funds for major capital projects (including material research and development expenditures) on an annual basis or such other basis as may be required by the Board;
3. require management to implement appropriate procedures and systems to attempt to identify the principal risks to the Company's business;
4. plan for and oversee the senior management succession process, including monitoring senior management's performance and, ultimately, appointing members of senior management;
5. require senior management to develop and maintain a strategy to communicate effectively with the Company's securityholders, investment analysts and the public generally and to accommodate and address feedback from the Company's securityholders;
6. require management to maintain internal control and management information systems and, through Board committees or otherwise, monitor these systems as it sees fit;
7. require senior management to implement systems to ensure that the Company operates within applicable laws and regulations;
8. give direction and guidance to management, review the Company's performance and that of its senior officers in achieving the performance goals and policies established by the Board and keep management informed of such evaluation of the Company's performance and that of its senior officers;
9. implement or cause to be implemented corrective action where required to meet the performance goals and policies in respect of the Company and its senior officers;
10. arrange for the operating results of the Company to be presented by management to the Board on a regular basis;
11. require that the Board be kept reasonably informed of the Company's activities and performance;
12. authorize the issuance of equity and debt securities of the Company;
13. review and, where appropriate, approve all public disclosure by the Company, including: press releases; financial results; management's discussion and analysis; material change reports;

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prospectuses; and all other public continuous disclosure documents other than: press releases, material change reports and other public disclosure documents in the ordinary course of the Company's operations, which may be approved by Executive Management or other directors, in consultation with the Company's legal counsel; and press releases resulting from emergency or urgent situations, which may be approved by the Company's Chief Executive Officer or Chief Financial Officer or such other directors or senior officers as they may delegate from time to time, in consultation with the Company's legal counsel; and

14. review, consider and approve all compensation of Executive Management and directors.

3. ORGANIZATION OF THE BOARD

1. The composition of the Board shall comply with applicable corporate and securities laws.
2. Unless otherwise determined by the Board, in its discretion, subject to applicable laws, the Board should be comprised of a majority of directors who qualify as "independent", as such term is defined in National Instrument 52-110 – *Audit Committees* or by the Neo Exchange Inc. (the "NEO"), or such other stock exchange or quotation system on which the common shares of the Company may be listed or quoted for trading.
3. Each year the Board shall review the relationship that each director has with the Company in order to satisfy themselves that any independence criteria have been met.
4. Directors are expected to exercise their business judgment to act in good faith, on an informed basis and in what they reasonably believe to be the best interest of the Company and its shareholders. Directors are expected to attend the meetings of the Board and the committee(s) on which they serve and to review in advance materials distributed before the meeting.

4. MATTERS FOR INDEPENDENT DIRECTORS

1. So long as required by the Listing Manual of the NEO (the "**Listing Manual**"), the following matters shall only be approved by Independent Directors of the Board, with the non-independent director abstaining his vote on matters including:
 - (a) with respect to nomination and corporate governance:
 - i. identifying individuals qualified to become new board members;
 - ii. recommending nominees to the board for election by the shareholders, or for appointment to fill any vacancy on the board; and
 - iii. in connection with the foregoing, consider: (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (b) the diversity of the board composition, including whether targets have been adopted for women, visible minorities, Aboriginal people and people with disabilities on the board or in Executive Management positions; (c) the competencies and skills that the board considers each existing director to possess; and (d) the competencies and skills each new nominee will bring to the boardroom; and
 - (b) with respect to compensation:
 - i. reviewing and approving goals and objectives relevant to the Chief Executive Officer's compensation;

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- ii. evaluating the Chief Executive Officer's performance with respect to those goals and objectives;
- iii. determining the Chief Executive Officer's compensation (both cash-based and equity-based);
- iv. reviewing and approving incentive compensation plans and equity-based plans and determines whether security holder approval should be obtained; and
- v. making recommendations to the board with respect to compensation of other senior officers and directors.

5. GENERAL

1. Director attendance at shareholder meetings is appropriate and can assist directors in carrying out their duties. For example, attendance at such meetings allows directors to directly witness shareholder's concerns regarding the Company. The Board expects that directors will attend annual shareholder meetings.
2. The Board believes that the number of common shares each director chooses to own is a personal decision. Nevertheless, directors should strongly consider becoming shareholders of the Company soon after their election or appointment to the Board.
3. There is no limit on the number of terms a director may serve; provided, however, that a director shall not stand for re-election after his or her 75th birthday, except with the prior approval of the Board.
4. Except with the prior approval of the Board, as part of every regularly scheduled quarterly meeting of the Board, the non-management directors should meet in the absence of management. Such executive sessions shall be chaired by the Chair if he or she is a non-executive director or otherwise by the Lead Director (if one is appointed) and may be held in person or by teleconference or other means of telecommunications acceptable to the non-management directors.
5. The Board shall establish the duties, powers and responsibilities of the Company's Board committees from time to time and revise such duties, powers and responsibilities as it sees fit.
6. Each year, the Board shall:
 - a) appoint the members of each board committee of the Company and appoint the Chair of each such committee;
 - b) appoint a Chair of the Board and prescribe his or her duties, powers and responsibilities;
 - c) appoint the Chief Executive Officer of the Company and prescribe his or her duties and responsibilities;
 - d) consider the appointment of a Lead Director, if the same person is appointed as Chair and Chief Executive Officer or the Chair is not "independent", as such term is defined in National Instrument 52-110 – *Audit Committees* or by the NEO, or such other stock exchange or quotation system on which the common shares of the Company may be listed or quoted for trading;

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- e) on the recommendation of the Chief Executive Officer, appoint the officers of the Company reporting directly to the Chief Executive Officer, approve all changes therein, and approve the senior management structure of the Company, as needed; and
 - f) review the Company's corporate governance policies and revise such policies as it sees fit, and any similar policies adopted by the Company from time to time.
7. The Board should reasonably try to meet at least 4 times each year on dates determined by the Board and also at any other time(s) at the call of the Chair or of any two members of the Board. Board meetings may be called on 48 hours' written notice or such shorter period of time as may be necessary for emergency or urgent situations.
8. In the event of a change of the status or credentials underlying a director's appointment to the Board, the director so affected should, on his or her own initiative, discuss the change with the Chair of the Board so that there is an opportunity for the Board to review the continued appropriateness of Board membership under his or her new circumstances. Each case will be dealt with on its own merits, but as a rule a director is expected to tender his or her resignation if there is a material adverse change in his or her credentials or circumstances.
9. Unless specified otherwise in a committee's charter or terms of reference, the following procedural rules apply to each committee of the Board:
- a) each committee shall meet on the call of (i) the Chair of the committee, (ii) two members of the committee or (iii) the Chair of the Board or the Chief Executive Officer;
 - b) quorum for the conduct of business of a committee shall be a majority of the number of its members. The committee shall have full power and authority to act notwithstanding that there may be one or more vacancies in its membership;
 - c) unless the Board has appointed a chair of a committee, the members of that committee shall elect a chair from amongst their number;
 - d) the Chair of each committee shall appoint a secretary to take minutes of meetings and otherwise record the proceedings of the committee. Failing such appointment, the Chair of a committee shall also act as its Secretary;
 - e) Board meetings may be called on 48 hours' written notice or such shorter period of time as may be necessary for emergency or urgent situations.
 - f) the Board may, in its absolute discretion, remove or replace any member of any committee and fill any vacancies in a committee. Any member of a committee who for any reason ceases to be a director of the Company shall *ipso facto* cease to be a member of that committee;
 - g) any committee may appoint sub-committees of one or more people, a majority of whom must be members of the committee; and
 - h) except as otherwise prescribed by the Board, the Articles of the Company applicable to the conduct of meetings of the Board shall apply *mutatis mutandis* to the conduct of meetings of all committees.