



**DISCOVERY AIR INC.
BOARD OF DIRECTORS MANDATE**

Board Approved:
July 3, 2014

1. PRIMARY ROLE OF THE BOARD

The directors (collectively, the “Board”) of Discovery Air Inc. (the “Corporation”) are responsible for the stewardship of the Corporation. The *Canada Business Corporations Act* (the “CBCA”), the statute that governs the Corporation, provides that the stewardship responsibility of the Board consists primarily of the duty to manage or supervise the management of the business and affairs of the Corporation. The CBCA further authorizes the Board, subject to certain exceptions, to delegate to an officer or officers of the Corporation powers to manage the business and affairs of the Corporation. As authorized by the CBCA and for the purpose of effectively discharging the Board’s stewardship responsibility, (a) the Board has delegated to the chief executive officer of the Corporation (the “CEO”) many of the Board’s powers and much of the Board’s authority to manage the business and affairs of the Corporation, and (b) the Board has assumed the duty to supervise the CEO’s management of the business and affairs of the Corporation.

2. THE ROLE OF BOARD COMMITTEES

As authorized by the CBCA, the Board may appoint committees of directors (“Board committees”) and, subject to certain limitations set out in the CBCA, may delegate to any Board committee any of the powers of the Board. The Board may also require any such Board committee to take specified actions for the purpose of assisting the Board to discharge the Board’s duties.

3. STANDARD OF CONDUCT

As required by the CBCA, every member of the Board (a “Director”) must, in discharging his or her duties,

- (a) act honestly and in good faith with a view to the best interests of the Corporation, and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Accordingly, the action which the Board or a Board committee must take to discharge each of its duties in any circumstances is the action (the “Diligent Action”) which could reasonably be expected to be taken in comparable circumstances by a person (1) acting honestly and in good faith with a view to the best interests of the Corporation, and (2) exercising the care, diligence and skill that a reasonably prudent person would exercise.

4. CATEGORIES OF BOARD DUTIES

The Board believes that the Board's duties fall broadly into two categories: (1) the duties (the "Ordinary Course Duties") which the Board must discharge in the ordinary course of acting as the steward of the Corporation and supervising the CEO's management of the business and affairs of the Corporation; and (2) the duties (the "Extraordinary Duties") which the Board must discharge when the Board, the CEO or the Corporation is confronted with unusual circumstances such as (but not limited to) consideration of a take-over bid, merger, significant acquisition or other significant transaction or event outside the ordinary course of the Corporation's business.

5. THE BOARD'S ORDINARY COURSE DUTIES

The Board acknowledges and accepts the following Ordinary Course Duties:

Financial Reporting and Disclosure

- A. Governments, securities commissions, stock exchanges and other agencies and instrumentalities having jurisdiction over the Corporation (collectively, the "Regulators") have promulgated and will continue to promulgate laws, regulations, rules, policies and other requirements relating to financial reporting and disclosure by the Corporation (collectively, the "Financial Reporting Rules"). The Board shall take, or require the appropriate Committee of the Board (the "Audit Committee") to take, Diligent Action to gain and maintain reasonable assurance that the senior officers of the Corporation (collectively, "Management"), the Board and the Corporation meet all financial reporting and disclosure obligations ("Financial Reporting Obligations") imposed on them by the Financial Reporting Rules. The Board recognizes that the most significant Financial Reporting Obligations are as follows:
- (a) Management must prepare (1) comparative financial statements of the Corporation relating separately to each financial year of the Corporation (the "Current Year") and the financial year of the Corporation next preceding the Current Year (the "Preceding Year"), and (2) Management discussion and analysis ("MD&A") relating to such financial statements;
 - (b) Management must prepare (1) comparative interim financial statements of the Corporation relating separately to each of the three-month, six-month and nine-month periods of the Current Year and the Preceding Year, and (2) MD&A relating to such financial statements;
 - (c) each comparative financial statement of the Corporation specified in subsection(a) above (a "Current Annual Statement"), each comparative interim financial statement of the Corporation specified in subsection (b) above (a "Current Quarterly Statement") and the MD&A relating to each such financial statement must:
 - (i) in the case of each Current Annual Statement and each Current Quarterly Statement (a "Current Financial Statement"), present fairly, in all material respects, the financial position of the Corporation, the results of its operations and its cash flows in accordance with International Financial Reporting Standards;
 - (ii) be made up and certified as required by the Financial Reporting Rules;

- (iii) in the case of each Current Annual Statement, be accompanied by a report thereon (the “Required Report”) prepared in accordance with the Financial Reporting Rules by a firm of chartered accountants (the “external auditor”) which is objective and independent;
 - (iv) be approved by the Board and be filed with Regulators in compliance with the Financial Reporting Rules; and
 - (v) be sent to holders of the Corporation’s securities in compliance with the Financial Reporting Rules;
- (d) in compliance with and subject to the Financial Reporting Rules, the Board must place before each annual meeting of shareholders of the Corporation and send to each shareholder of the Corporation each Current Annual Statement;
- (e) subject to and in compliance with the Financial Reporting Rules, where a material change (as defined in the Financial Reporting Rules) occurs in the affairs of the Corporation, the Corporation must
- (i) forthwith issue a news release authorized by a member of Management disclosing the nature and substance of the material change (a “Material Change News Release”), and
 - (ii) file a report of such material change (a “Material Change Report”) with Regulators as soon as practicable after (and in any event within ten days of) the date on which the material change occurs; and
- (f) all financial information concerning the Corporation which is disseminated to the public by or on behalf of the Corporation must be accurate, complete and fairly presented.

B. The Board shall also take Diligent Action to:

- (a) gain and maintain reasonable assurance that the composition, authority and responsibilities of the Audit Committee conform to and comply with the Financial Reporting Rules;
- (b) nominate a firm of objective and independent chartered accountants (the “proposed auditor”) for appointment as the external auditor by the holders of the Class A common voting shares and the Class B common variable voting shares (collectively, the “Common Shares”) in the capital of the Corporation;
- (c) fix the compensation and the terms of engagement of the external auditor; and
- (d) gain and maintain reasonable assurance that the Corporation is in compliance with its obligations under tax, employment and similar laws and regulations (“Employment Obligations”).

- C. The Board shall empower and require the Audit Committee to:
- (a) recommend to the Board
 - (i) the proposed auditor to be nominated by the Board for appointment as the external auditor by the holders of Common Shares of the Corporation; and
 - (ii) the compensation of the external auditor;
 - (b) take Diligent Action to oversee the work of the external auditor in preparing and issuing a Required Report and performing other audit, review and attest services for the Corporation;
 - (c) take Diligent Action to resolve disagreements between Management and the external auditor regarding financial reporting;
 - (d) when it is appropriate to do so, pre-approve all non-audit services proposed to be provided to the Corporation or its subsidiary entities by the external auditor; for purposes of this mandate,
 - (i) “audit services” means the professional services rendered by the external auditor for the audit and review of the Corporation’s financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements, and
 - (ii) the term “non-audit services” means services other than audit services;
 - (e) review the Corporation’s financial statements, related MD&A, annual shareholder meeting materials and proxy circular and related annual and interim news releases before the Corporation publicly discloses such information;
 - (f) take Diligent Action to gain and maintain reasonable assurance that the Corporation has adequate procedures in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements;
 - (g) establish procedures for
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters (“Financial Complaints”),
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (“Financial Concerns”), and
 - (iii) the reporting to the Audit Committee of all such Financial Complaints and Financial Concerns;
 - (h) review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor; and

- (i) review annually the expenses of the Chair of the Board, the CEO and the CFO for the purpose of gaining reasonable assurance as to the reasonableness of such expenses.
- D. Upon the demand of the external auditor, the Board shall:
- (a) furnish to the external auditor
 - (i) such information and explanations, and
 - (ii) such access to records, documents, books, accounts and vouchers of the Corporation and its subsidiaries, as the Board is reasonably able to furnish and as are, in the opinion of the external auditor, necessary to enable the external auditor to make the examination (the “Required Examination”) of the Corporation’s financial statements required by the Financial Reporting Rules and to make the Required Report; and
 - (b) obtain from the present or former directors, officers, employees and agents of any subsidiary of the Corporation and furnish to the external auditor the information and explanations
 - (i) that such present or former directors, officers, employees and agents are reasonably able to furnish, and
 - (ii) that are, in the opinion of the external auditor, necessary to enable the external auditor to make the Required Examination and the Required Report.
- E. The Board shall delegate to the Audit Committee the power and authority to communicate directly with the external auditor and the Corporation’s internal auditor.

Strategic Planning

- A. The Board shall require the CEO, in collaboration with the Board, to develop and to present to the Board:
- (a) the primary objective(s) which the CEO proposes to pursue in managing the business and affairs of the Corporation (the “Primary Objective(s)”), and
 - (b) a plan which the CEO proposes to implement which is designed to enable the Corporation to achieve the Primary Objective(s) (the “Strategy”) and which takes into account, amongst other things, the Corporation’s strengths and weaknesses, the opportunities for and threats to the Corporation’s business and the Board’s risk tolerance level.
- B. The Board shall take Diligent Action to gain reasonable assurance as to:
- (a) the appropriateness of the Primary Objective(s);
 - (b) whether the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Primary Objective(s); and

- (c) whether the Strategy is reasonably capable of being executed by Management.
- C. If the Board gains reasonable assurance as to the appropriateness of the Primary Objective(s), the Board may approve the Primary Objective(s) (the “Approved Primary Objective(s)”).
- D. If the Board gains reasonable assurance that (1) the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s), and (2) the Strategy is reasonably capable of being executed by Management, then the Board may approve the Strategy (the “Approved Strategy”).
- E. The Board shall take Diligent Action to monitor Management’s implementation of the Approved Strategy and the Corporation’s progress toward achieving the Approved Primary Objective(s).
- F. If at any time the Board is of the opinion that
 - (a) the Approved Primary Objective(s) is or are no longer appropriate,
 - (b) an Approved Strategy is no longer reasonably capable of being executed by Management, or
 - (c) an Approved Strategy is no longer reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s),

the Board shall require the CEO to develop and present to the Board revised Primary Objective(s) and/or a revised Strategy, as the case may be, and the Board must then deal with the revised Primary Objective(s) and/or revised Strategy in the manner specified in sections B, C, D and E above.

Risk Management

- A. The Board shall take Diligent Action to gain and maintain reasonable assurance that the strategic, operational, reporting and compliance risks of the Corporation’s business (“Risks”) are identified in a timely manner and are effectively assessed, monitored and managed. In particular, the Board shall take Diligent Action to gain and maintain reasonable assurance that:
 - (a) Management develops for the Corporation a formalized, disciplined and integrated enterprise risk management process (“ERM”) (1) which can reasonably be expected to enable Management to identify in a timely manner and to effectively assess, monitor and manage Risks, and (2) which is reasonably capable of being implemented and sustained by Management;
 - (b) Management develops a policy (the “ERM Policy”) which accurately sets out the risk philosophy of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring and managing Risks;
 - (c) Management fully implements and sustains the ERM in compliance with the ERM Policy;
 - (d) the ERM Policy continues to set out accurately the risk philosophy of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring and managing Risks;

- (e) in a timely manner, Management identifies the most significant Risks (“Principal Risks”), including those Risks related to or arising from the Corporation’s weaknesses, the threats to the Corporation’s business and the assumptions underlying the Approved Strategy;
- (f) the insurance coverages maintained by the Corporation relating to Principal Risks are adequate; and
- (g) Management directly and effectively assesses, monitors and manages Principal Risks in compliance with the ERM Policy.

Human Resources

- A. The Board shall take, or require the appropriate Board committee (the “Human Resources Committee”) to take, Diligent Action to gain and maintain reasonable assurance that there exist within the Corporation effective policies and practices to enable the Corporation to attract, develop and retain the human resources required by the Corporation to meet the Primary Objective(s). In particular, the Board shall take, or require the Human Resources Committee to take, Diligent Action to gain and maintain reasonable assurance that:
 - (a) the Corporation’s overall compensation philosophy for all employees balances the objectives (the “Compensation Objectives”) of
 - (i) attracting, developing and retaining highly competent employees,
 - (ii) appropriately and fairly incenting and rewarding strong performance by employees and the Corporation in both the short term and the longer term, and
 - (iii) maintaining the Corporation’s employee costs at a competitive level;
 - (b) the compensation program for members of Management consists of an appropriate combination (an “Appropriate Compensation Combination”) of base salary, a short term incentive plan, a longer term incentive plan and other benefits;
 - (c) the Corporation establishes and maintains an appropriate succession plan (a “Succession Plan”) which identifies the potential short-term and longer-term successors to the CEO and the holders of all other Management and senior manager’s positions in the Corporation; and
 - (d) the Corporation establishes and maintains effective policies and practices (“Training Policies and Practices”) which, in conjunction with the Succession Plan, provide for training, monitoring and continuously improving the skills of senior managers and employees.
- B. The Board shall also take, or require the Human Resources Committee to take, Diligent Action to:
 - (a) establish and maintain a clear written position description for the CEO which reflects the Board’s delegation to the CEO of powers and authority to manage the business and affairs of the Corporation and which delineates the CEO’s responsibilities;

- (b) employ as the CEO a person whom the Board believes is capable of managing the business and affairs of the Corporation in a manner which will enable the Corporation to achieve the Primary Objective(s);
- (c) approve the terms and conditions of the CEO's employment by the Corporation, including any changes to such terms and conditions;
- (d) establish, maintain and implement a formal process for annually assessing the performance of the CEO, taking into account the CEO's position description and the goals and objectives of the Corporation which have been approved by the Board and which the CEO is responsible for meeting;
- (e) Receive from the CEO and review his assessment regarding the performance of the senior leadership team and their individual objectives' level of achievement, including his recommendations of (i) bonuses, for approval by the Human Resources Committee and (ii) objectives for the following year; and
- (e) after consultation with the CEO, recommend to the Board for appointment, all other officers of the Corporation including the terms and conditions of each such officer's employment by the Corporation, including any changes to such terms and conditions.

C. The Board shall:

- (a) establish, maintain and communicate to the CEO a policy which defines the limits of the CEO's powers, authority and accountability to the Board in managing the business and affairs of the Corporation; and
- (b) require the Human Resources Committee to:
 - (i) recommend for Board approval comprehensive compensation and benefit programs for the CEO, for other members of Management and for other senior managers, including the criteria (which shall incorporate relevant corporate goals and objectives) against which the performance of the Corporation, the CEO, other members of Management and other senior managers will be evaluated for purposes of any incentive plans ("Incentive Plans") included in such compensation programs;
 - (ii) advise the Board of the Human Resources Committee's evaluation of the actual performance of the Corporation, the CEO, each other member of Management and each other senior manager against the criteria approved by the Board for purposes of the Incentive Plans, and make recommendations to the Board with respect to compensation levels (including the CEO's compensation level) based on such evaluations; and
 - (iii) review and make recommendations to the Board respecting any proposed public disclosure of executive compensation by the Corporation before the Corporation publicly discloses such information.

Governance Structures and Practices

- A. The Board shall be responsible for developing and managing the Corporation's approach to corporate governance, including a set of corporate governance principles and guidelines specifically applicable to the Corporation and shall take Diligent Action to gain and maintain reasonable assurance that:
- (a) the composition and structures of the Board and Board committees (the "Governance Structures") are appropriate for the Corporation, and
 - (b) Board and Board committee practices (the "Governance Practices") enable the Board to discharge the Board's duties in a highly effective manner. To that end, the Board shall establish and maintain Governance Structures and Governance Practices which include, amongst other things, the following:
 - (i) a majority of the members of the Board shall be independent. For purposes of this mandate, a Director is independent if
 - a. the Director has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Director's independent judgment; and
 - b. the Director is not an individual who is considered to have a material relationship with the Corporation under section 1.4 of *National Instrument 52-110 - Audit Committees* ("NI 52-110");
 - (ii) the Chair of the Board shall not be a member of Management; and in the event the Chair of the board is not independent, a Lead Director shall be appointed;
 - (iii) every member of the Audit Committee shall be
 - a. an independent Director and satisfy the additional independence requirements in section 1.5 of NI 52-110, and
 - b. "financially literate" within the meaning of section 1.6 of NI 52-110;
 - (iv) a majority of the members of the Human Resources Committee shall be independent Directors;
 - (v) the Board, as a whole, shall possess the competencies and skills required to enable the Board to discharge the Board's duties;
 - (vi) the number of Directors constituting the Board shall facilitate effective decision-making by the Board;
 - (vii) the Board shall take steps to determine on an annual basis whether the Governance Practices are met by reviewing and ensuring that:
 - a. a majority of the Directors are independent;
 - b. the Board Chair is not a member of Management and that if the Board Chair is not independent, a Lead Director has been appointed;

- c. a majority of the members of the Human Resources Committee are independent Directors; and
 - d. every member of the Audit Committee is:
 - i. an independent Director and satisfies the additional independence requirements in section 1.5 of NI 52-110, and
 - ii. “financially literate” within the meaning of section 1.6 of NI 52-110;
- (viii) the Board shall take the following steps for the purpose of gaining and maintaining reasonable assurance that the Board, the Board Chair and the members of the Board committees satisfy the requirements in the Board mandate:
- a. obtain annually from each Director a written declaration containing:
 - i. a description of every direct or indirect relationship (an “Actual Relationship”) which such Director has with the Corporation;
 - ii. a statement as to whether such Director is an individual who is considered to have a material relationship (a “Considered Relationship”) with the Corporation under the terms of *National Instrument 58-101 - Disclosure of Corporate Governance Practices*;
 - iii. if such Director has an Actual Relationship or Considered Relationships with the Corporation, a description of each such Considered Relationship;
 - iv. an undertaking by such Director to advise the Committee promptly of (1) any changes to any Actual Relationship or Considered Relationship described in the Declaration, and (2) any Actual Relationship or Considered Relationship which such Director has with the Corporation which comes into existence subsequent to the time the Declaration is obtained by the Committee from such Director;
 - b. determine whether any Actual Relationship which a Director has with the Corporation could reasonably be expected to interfere with the exercise of such Director’s independent judgment; and
 - c. recommend and make, and where appropriate, changes to the composition of the Board or any of its committees which may be necessary or advisable as a result of any Director or Directors having Actual Relationships or Considered Relationships with the Corporation.
- (ix) The Board shall be responsible and take Dilligent Action with respect to certain Director nomination, compensation and orientation matters as follows:

- a. identifying individuals qualified to become new Directors;
 - b. after considering the competencies and skills that (1) the Board believes to be necessary for the Board, as a whole, to possess, (2) the Board believes each existing Director to possess, and (3) any proposed new nominee will bring to the Board, recommending qualified individuals as nominees for election to the Board at a meeting of shareholders of the Corporation; or for appointment by the Board to fill casual vacancies in the Board;
 - c. prior to each annual meeting of shareholders of the Corporation, approve:
 - i. the individuals proposed for election as Directors by the shareholders of the Corporation;
 - ii. the composition of each Board committee;
 - iii. the chair of each Board committee; and
 - iv. a Director or proposed Director to be appointed as the Board Chair, and if applicable, a Lead Director;
 - d. annually reviewing and making recommendations to the Board regarding the form and amount of compensation for Directors; taking into consideration the form and amount of compensation being paid by other companies selected by the Board, each of which carries on a business of comparable size, market float and complexity to the Corporation's business;
 - e. gain and maintain reasonable assurance that each new Director engages in a comprehensive orientation process directed to enabling the new Director to understand fully (i) the role of the Board and all Board committees, (ii) the contribution that every Director is expected to make to governing the Corporation, including the commitment of time and energy expected of every Director, and (iii) the nature and operation of the Corporation's business and affairs; and
 - f. gain and maintain reasonable assurance that all Directors are provided with continuing education opportunities to maintain and enhance Directors' skills and abilities as directors and to permit Directors' knowledge and understanding of the nature and operation of the Corporation's business and affairs.
- (x) as a part of regularly scheduled meetings of the Board, the Board shall hold a separate discussion of the Directors at which no member of Management is in attendance;
 - (xi) as a part of regularly scheduled meetings of the Board, if requested by the Lead Director, the independent Directors shall hold a separate discussion of the Directors at which none of the non-independent Directors or members of Management are in attendance;

- (xii) the Board may delegate certain powers to committees of the Board, including *ad hoc* or special committees as appropriate, and shall establish and maintain a written mandate for the Board and a written charter for each Board committee; the charter for each Board committee shall clearly establish the committee's purpose and responsibilities, committee member qualifications, member appointment and removal processes, structure and operations (including any authority of the committee to delegate powers to individual members and subcommittees) and the manner in which the committee will report to the Board;
- (xiii) Bi-annually, or more frequently at the request of the Corporate Secretary of the Corporation as a result of legislative or regulatory changes, the Board shall review and assess the adequacy of the Board mandate and the committee charters taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators and stock exchanges with which the Corporation has reporting relationships. After its consideration of such matters, the Board may approve amendments to the mandate or committee charters, provided that for minor technical amendments to the mandate and any committee charter, authority is delegated to the Corporate Secretary of the Corporation, who will report any such amendments to the Board at the next regular meeting following such change;
- (xiv) the Board shall establish and maintain clear written position descriptions for the Chair of the Board and the Chairs of the Board committees;
- (xv) the Board shall establish and maintain a clear written position description for an individual Director which shall set out the expectations and responsibilities of a Director, including basic duties and responsibilities with respect to attendance at Board and Board committee meetings and advance review of meeting materials;
- (xvi) the Board shall establish, maintain and implement appropriate processes for regularly assessing
 - a. the effectiveness of the Board, taking into account the Board's mandate,
 - b. effectiveness of the Chair of the Board and if applicable, the Lead Director, taking into account the position description for each such position,
 - c. the effectiveness and contribution of each Board committee, taking into account such committee's charter,
 - d. the effectiveness of the Chair of each Board committee, taking into account the position description for Chairs of Board committees, and
 - e. the effectiveness and contribution of each individual Director, taking into account the position description for an individual Director as well as the competencies and skills which such Director is expected to bring to the Board;
- (xvii) the Board shall satisfy itself that the Board, as a whole, possesses the competencies and skills required to enable the Board to discharge the Board's duties (the "Requisite Competencies and Skills").

- (xviii) the Board shall establish and maintain a process by which any Director may, at the expense of the Corporation, engage independent counsel or other advisors to provide advice to the Director with respect to the Director's discharge of his or her duties as a Director;
- (xix) the Board shall confer on each Board committee the authority (1) to engage independent counsel and other outside advisors as the committee deems necessary to carry out its duties, and (2) to set and (at the expense of the Corporation) pay the compensation for any independent counsel or other outside advisor engaged by the committee; and
- (xx) the Board shall impose on each Board committee the obligation to report promptly to the Board all conclusions and decisions reached by the committee as a result of taking the Diligent Action and discharging the other duties imposed on the committee by the Board;

Governance Culture

- A. The Board shall take Diligent Action to establish and sustain amongst all Directors a culture which incorporates the following attitudes, values, and convictions:
 - (a) acceptance of the Board's accountability for the Corporation's performance;
 - (b) the conviction that Directors owe each other their best efforts in carrying out their duties and exercising their authority;
 - (c) insistence on the highest level of honesty and integrity in all actions of the Board, Management and other senior managers and employees of the Corporation;
 - (d) trust and respect amongst Directors;
 - (e) open sharing of all relevant information amongst Directors and amongst Directors and Management; and
 - (f) the acceptance and respect of differing opinions.

Miscellaneous Duties

- A. The Board shall also take, or require a Board committee to take, Diligent Action to:
 - (a) establish, maintain and monitor compliance with a written code of business conduct and ethics (the "Code of Business Conduct") applicable to Directors, officers and employees of the Corporation; the Code of Business Conduct must constitute standards reasonably designed to promote integrity and to deter wrongdoing and must address the following issues:
 - (i) conflicts of interest, including transactions and agreements in respect of which a Director or member of Management has a material interest;

- (ii) protection and proper use and exploitation of the Corporation's assets and opportunities;
 - (iii) confidentiality of private information relating to the business and affairs of the Corporation;
 - (iv) fair and ethical dealing with the Corporation's security holders, customers, suppliers, competitors and employees;
 - (iv) compliance with applicable laws, rules and regulations; and
 - (vi) reporting of any illegal or unethical behavior or other breaches of the Code of Business Conduct;
- (b) require waivers of compliance with the Code of Business Conduct granted for the benefit of any Director or member of Management to be granted only by the Board or an appropriately empowered Board committee;
 - (c) gain and maintain reasonable assurance as to the integrity, comprehensiveness and effectiveness of those elements of the Corporation (including its resources, management information systems, processes, culture, structure and tasks) which, taken together (the "Internal Controls"), support the Corporation's personnel in meeting the Corporation's objectives and obligations, including the Financial Reporting Obligations;
 - (d) establish, maintain and monitor compliance with a written communications policy for the Corporation (the "Communications Policy"); the Communications Policy must, amongst other things, establish and assign accountability for monitoring Internal Controls relating to the issuance of Material Change News Releases and the filing with Regulators of Material Change Reports;
 - (e) to the extent feasible, gain and maintain reasonable assurance (i) as to the integrity of the CEO and the other members of Management, and (ii) that the CEO and the other members of Management create and maintain a culture of integrity throughout the Corporation;
 - (f) gain and maintain reasonable assurance that appropriate policies and processes relating to protection of the environment and to the health and safety of the Corporation's employees, customers and other stakeholders ("E,H&S Policies") exist and are implemented throughout the Corporation;
 - (g) require the CEO to develop, and to present to the Board for assessment and approval, a statement of the philanthropic activities in which the Corporation will engage;
 - (h) gain and maintain reasonable assurance that appropriate policies and processes governing the Corporation's philanthropic activities ("Charitable Policies") exist and are implemented; and
 - (i) gain and maintain reasonable assurance that Management, the Board and the Corporation comply with the applicable laws, regulations, rules, policies and other requirements promulgated by Regulators relating to the following matters (the "Corporate Rules"):
 - (ii) protection and proper use and exploitation of the Corporation's assets and opportunities;
 - (iii) confidentiality of private information relating to the business and affairs of the Corporation;
 - (iv) fair and ethical dealing with the Corporation's security holders, customers, suppliers, competitors and employees;
 - (iv) compliance with applicable laws, rules and regulations; and
 - (vi) reporting of any illegal or unethical behavior or other breaches of the Code of Business Conduct;

- (i) the composition of the Board;
- (ii) calling and holding of meetings of the Board;
- (iii) the composition of Board committees;
- (iv) the disclosure of conflicts of interest by Directors and members of Management;
- (v) securities registers and registers of transfers of securities;
- (vi) the calling and holding of meetings of shareholders;
- (vii) soliciting proxies, including providing shareholders with forms of proxy, information circulars and notices of meetings;
- (viii) filing forms of proxy, information circulars and notices of meetings with Regulators; and
- (ix) filing annual information forms and material contracts with Regulators.

6. THE BOARD'S EXTRAORDINARY DUTIES

When the Board, the CEO or the Corporation is confronted with unusual circumstances which give rise to Extraordinary Duties, the Board or a Board committee shall:

- (a) seek expert advice as to (1) the nature of the Extraordinary Duties arising from such unusual circumstances, and (2) the Diligent Action which the Board or the Board committee must take to discharge those Extraordinary Duties; and
- (b) where appropriate, take the Diligent Action specified by such expert advice.