

Charter of Expectations for the Board and Individual Directors

STATEMENT OF PRINCIPLES

- A. Under the *Business Corporations Act* (Alberta), the legislation under which the Corporation is incorporated, the Board of Directors has a duty to manage the business and affairs of the Corporation.
- B. The Board recognizes its duties and has adopted this Charter of Expectations as a general statement of its expectations as to how it will discharge its duties. The Board also believes that this Charter will be of assistance to the Board in its ongoing assessment of its own performance and that of individual Directors.
- C. In managing the business and affairs of the Corporation, the Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation while exercising the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.
- D. The commitment expected of individual Directors includes diligent preparation for, regular attendance at, and meaningful participation in, Board and committee meetings. A Director is expected to provide wise and thoughtful counsel to the Board and management, to bring independent judgment to bear on a wide variety of issues, and to be a positive ambassador for the Corporation in the community.
- E. One way in which the Board will discharge its duty to manage the business and affairs of the Corporation is by delegation of management authority to the President and Chief Executive Officer (the "CEO"). The CEO is charged by the Board with the day-to-day leadership and management of the Corporation. The CEO is expected to honestly and candidly keep the Board fully informed as to the Corporation's progress and of any material deviations from the goals, objectives or policies established by the Board.

EXPECTATIONS OF THE BOARD

A. Managing the Business and Affairs of the Corporation

The Board is expected to ensure that the following occur:

- i. the delegation of authority to the CEO to enable he or she to provide day-to-day leadership and management of the Corporation. The primary responsibility of the CEO is to provide leadership to the Corporation. The CEO is expected to formulate strategies and plans for the Corporation's business and present them to the Board for approval. Once approved, these become the goals and objectives of the Corporation and the Board expects to continually evaluate the performance of management with respect to these goals and objectives. The CEO is expected to ensure that the Corporation has an administrative structure that will enable it to be profitable while meeting its business, legal, regulatory and policy obligations. The CEO is expected to honestly and candidly keep the Board fully informed as to the Corporation's progress and of any material deviations from the legal and regulatory obligations of the Corporation or the goals, objectives or policies established by the Board. The Board is expected to ensure that the CEO remains accountable to the Board for the discharge of these duties and expectations;
- ii. the establishment of various Board committees to provide more detailed review and oversight of important areas of responsibility such as Audit and Compensation and Governance, delegating certain of its authorities to such committees and reserving certain powers to itself. The Board will be responsible for the appointment of Board committees and advisory bodies and establishing and periodically reviewing their authority and terms of reference;
- iii. implementing a process to evaluate the performance of the Board, committees and Directors in fulfilling their responsibilities;
- iv. implementing a process for new Director orientation and ongoing Director development;
- v. periodic review of Board composition;
- vi. appointing a Board Chair, Secretary, and, if necessary, a Vice-Chair;
- vii. establishing and enforcing a Board and Corporate confidentiality policy; and
- viii. implementing corporate governance policies to fulfil the Board's responsibilities for oversight and control.

B. Strategy and Plans

The Board has primary responsibility to ensure that the Corporation develops and implements a strategic business plan. The Board expects to:

- i. participate with management in the Corporation's strategic planning process including:
 - a. providing input to management on emerging trends and issues,
 - b. ensuring that management develops a strategic (long term business) plan,
 - c. reviewing and approving the strategic plan,
 - d. overseeing management's implementation of the strategic plan,
 - e. evaluating management's performance against the strategic plan, and
 - f. reviewing and approving the Corporation's financial objectives, plans, and actions including significant capital allocations and expenditures;
- ii. approve annual capital and operating budgets which support the Corporation's ability to meet the objectives established in the strategic plan;
- iii. approve the organization of significant business units; and
- iv. monitor the Corporation's progress toward its goals, and revise and alter its direction through management in light of changing circumstances.

C. Management and Human Resources

The Board has responsibility for:

- i. the appointment, termination and succession of the CEO;
- ii. establishing CEO compensation;
- iii. approving terms of reference for the CEO and delegation of authority to the CEO;
- iv. monitoring CEO performance and reviewing CEO performance at least annually, against agreed upon written objectives;
- v. providing advice and counsel to the CEO in the execution of the CEO's duties;
- vi. approving decisions relating to corporate officers, including the:
 - a. appointment and discharge of officers,
 - b. compensation and benefits for officers, and
 - c. acceptance of outside directorships on public companies by officers (other than not-for-profit organizations);
- vii. ensuring that succession planning programs are in place for senior management, including programs to train and develop management; and

- viii. approving certain matters relating to all employees, including:
 - a. the annual compensation policy/program for employees,
 - b. new benefit programs or material changes to existing programs, and
 - c. material benefits granted to retiring employees outside of benefits received under approved pension and other benefit programs.

D. Business and Risk Management

The Board expects to:

- i. monitor corporate performance against the strategic, operating and capital plans and financial budgets, including assessing operating results to evaluate management performance and whether the business is meeting its objectives;
- ii. require management to identify the principal risks which face the Corporation's business, report them to the Board, and implement systems to manage such risks;
- iii. receive, at least annually, reports from management on matters relating to proper financial accounting, reporting and disclosure, the Corporation's continuous disclosure obligations, environmental management, employee health and safety, and related party transactions; and
- iv. assess and monitor management control systems by:
 - a. evaluating and assessing information provided by management and others (e.g., internal and external auditors) about the effectiveness of management control systems,
 - b. understanding material identified risks and determining whether the Corporation achieves a balance between such risk and returns which is acceptable to the Board, and
 - c. requiring management to have systems in place which address the risks which have been identified.

E. Financial and Corporate Issues

The Board expects to:

- i. monitor the implementation and integrity of the Corporation's internal control and management information systems;
- ii. meet regularly with and receive reports from the Corporation's independent, outside Auditor;
- iii. monitor operational and financial results;
- iv. approve annual and quarterly financial statements, and approve release thereof by management;
- v. declare dividends;

- vi. approve significant debt and equity financing, banking resolutions and significant changes in banking relationships;
- vii. review key issues regarding material corporate insurance policies;
- viii. review material commitments that are expected to have a material impact on the Corporation;
- ix. review the commencement or settlement of litigation that is expected to have a material impact on the Corporation; and
- x. recommend, as required, to the shareholders for approval the appointment of external auditors.

F. Shareholder and Corporate Communications

The Board expects to implement policies intended to:

- i. ensure the Corporation has in place effective communication processes to enable it to satisfy its continuous disclosure obligations;
- ii. ensure that the financial results are reported on a timely basis in accordance with generally accepted accounting principles and all applicable laws, regulations, agreements and policies;
- iii. ensure the timely and accurate reporting of developments that are expected to have a material impact on the value of the Corporation's shares; and
- iv. ensure that the Corporation complies with applicable laws, regulations, and policies.

G. Corporate Policies and Procedures

The Board expects to:

- i. approve and monitor policies which are intended to ensure compliance with the laws, regulations, agreements, policies and procedures by which the Corporation is bound;
- ii. direct management to approve and monitor policies (including, for example, policies regarding a code of ethical business conduct, continuous disclosure, conflict of interest, insider trading, computer usage, confidentiality, and the environment) intended to ensure that management of the Corporation is aware of the standards of conduct which are required by the Board;
- iii. review significant new corporate policies or material amendments to existing policies; and
- iv. direct management to ensure that all significant corporate records and documents have been properly prepared, approved, filed and maintained.

EXPECTATIONS OF INDIVIDUAL DIRECTORS

Individual Directors are expected to demonstrate certain characteristics and traits. The Board has established the following expectations for the Corporation's Directors.

A. Board of Directors Activity

As a member of the Board, each Director will:

- i. demonstrate high ethical standards and integrity in their personal and professional dealings, and be willing to act upon and remain accountable for their boardroom decisions;
- ii. provide wise, thoughtful counsel to the Board and management on a broad range of issues and develop the depth of knowledge to understand and question the assumptions upon which the strategic and business plans are based, and form an independent judgment as to the probability that such plans can be achieved;
- iii. demonstrate a reasonable level of financial literacy, know how to read financial statements, and understand the use of financial ratios and other indices for evaluating company performance;
- iv. respect confidentiality;
- v. be available as a resource to management and the Board;
- vi. when possible, advise the CEO or Chair in advance of introducing significant and previously unknown information at a Board meeting;
- vii. as necessary and appropriate, communicate with the Chair and with the CEO between meetings;
- viii. demonstrate a willingness and availability for individual consultation with the Chair or CEO; and
- ix. be a positive force, using abilities and influence constructively.

B. Preparation and Attendance

To enhance the effectiveness of Board and committee meetings, each Director is expected to:

- i. prepare for each Board and its committees by reading the reports and background materials provided for the meeting;
- ii. maintain an excellent Board and committee meeting attendance record. Attendance which is less than 80%, without extenuating circumstances, would create considerable concern for the Board; and
- iii. obtain additional information if necessary for decision-making.

C. Communication

Subject to the need for independence on the part of individual Directors, the Board values Directors who consider Board and team performance to be important in addition to strong individual performance. Directors are expected to demonstrate respect for others and to generally facilitate superior performance by the Board as a whole. The Board believes that good communication is fundamental to Board effectiveness and therefore each Director is expected to:

- i. participate fully and frankly in the deliberations and discussions of the Board;
- ii. demonstrate a willingness to listen to others' opinions and the openness to consider them and to appreciate that this quality ranks as highly as the ability to communicate one's own point of view persuasively;
- iii. approach others assertively, responsibly and supportively, and be willing to raise tough questions in a manner that encourages open discussion;
- iv. establish an effective, independent and respected presence on the Board and a collegial relationship with other Directors;
- v. focus inquiries on issues related to strategy, policy, and results rather than issues relating to the day-to-day management of the Corporation; and
- vi. respect the policy that individual Directors should not be involved in external communications except at the request of or with the approval of the Chair or CEO.

D. Independence

Independence is a critical quality of an effective Director. Each Director is expected to:

- i. think, speak and act independently with confidence and courage;
- ii. be critical and responsive to change; and
- iii. when necessary, be willing to risk rapport with the Chair and other Directors and/or the CEO in taking a reasoned, independent position.

E. Committee Work

In order to assist Board committees in being effective and productive, each Director is expected to:

- i. participate on committees and become knowledgeable about the duties, purpose and goals of each committee; and
- ii. understand the process of committee work and the role of management and staff supporting the committee.

F. Industry and Corporate Knowledge

The Board recognizes the value of well-informed Directors, each Director is expected to:

- i. become generally knowledgeable of the business of the Corporation and its industry;

- ii. participate in Director orientation and development programs developed by the Corporation from time to time;
- iii. maintain a current understanding of the regulatory, legislative, business, social and political environments within which the Corporation operates;
- iv. become acquainted with the senior managers of the Corporation; and
- v. visit the Corporation's offices when appropriate.

GENERAL BOARD MATTERS

A. Board Membership Criteria

The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for business acumen and integrity. The assessment of possible new Directors will include consideration of an individual's qualifications as well as consideration of age, skills and experience in the context of the needs of the Board. Exceptional candidates who do not meet all of these criteria may still be considered.

B. Retirement

- i. The Board does not favour term limits for Directors, but believes that it is important to monitor overall Board performance at all times. Therefore, the Compensation and Governance Committee shall review each Director's continuation on the Board every year. This will also allow each Director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.
- ii. Non-independent Directors shall offer to resign from the Board upon their resignation, removal or retirement as an officer of the Corporation.
- iii. Directors are expected to advise the Chair whenever a material change occurs to their normal business or professional occupation.

C. Board Meetings – Appointment of Chair

- i. One Director shall be elected Chair by the Board each year to preside at all meetings. If the Chair is not independent, then the independent Directors shall elect a Lead Director who shall fulfil the duties set out in the Lead Director Position Description approved by the Board. Where necessary, this Charter shall be read with such changes as are necessary for the Lead Director to carry out his/her responsibilities, objectives and principal duties.
- ii. The Chair and CEO should establish the agenda for Board meetings. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will meet at least quarterly.
- iii. The Corporation will distribute, sufficiently in advance of meetings to permit meaningful review, written materials, which will in all

events include recent financial information, for use at Board meetings.

- iv. The Board believes that attendance of key executive officers augments the meeting process and welcomes their attendance where appropriate.
- v. The Chair is expected to meet, at least annually, with each Director in private for a full and frank discussion of any topics of concern regarding the Board and the Corporation including any performance concerns regarding the Chair, individual Directors, and management.

D. Conflicts of Interest

Directors should advise the Chair in advance of accepting an invitation to serve on another public company board. Directors must avoid any action, position or interest that conflicts with an interest of the Corporation, or gives the appearance of a conflict. Directors are expected to be mindful of their legal duties to the Corporation and their legal obligation to immediately declare any conflict of interest and not to participate in any decision or Board action respecting the subject matter of the conflict.

E. Share Ownership by Directors

Each Director is expected to own a minimum amount of the Corporation's shares. The minimum amount shall be shares having a value equal to 3 times the annual basic Director's compensation where the value is calculated as at the date or dates the shares were purchased. For the existing Directors as at November 5, 2003, they are expected to acquire these minimum shares by November 5, 2004 and for new directors elected after November 5, 2003, are expected to acquire these minimum shares within 3 years of their initial election.

F. Director Compensation

The form and amount of Director compensation will be determined by the Compensation and Governance Committee.

G. Assessing Board Performance

The Board will conduct an annual self-evaluation to determine whether it, its members, and its committees are functioning effectively. The Compensation and Governance Committee will receive comments from all Directors as to the Board's performance and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board following the end of each fiscal year.

H. Access to Officers and Employees

Board members have complete and open access to Management.

I. Public Communications

The Board believes that, in general, management should speak for the Corporation and that the Chair should speak for the Board.

J. Professional Advisors

The Board and each Board committee has the power to hire independent legal, financial or other advisors at the expense of the Corporation, as it may deem

necessary, without consulting or obtaining the approval of any officer of the Corporation in advance. Any such retainer shall be reported to the Board at its next ensuing meeting.

K. Confidentiality of Deliberations

The Board believes that maintaining confidentiality of information and deliberations is an imperative that will be expected of all Directors and any other person present. Information learned during the course of service on the Board is to be held confidential and used solely in furtherance of the Corporation's business.

BOARD COMMITTEE MATTERS

A. Board Committees

The Board will have at all times an Audit Committee and a Compensation and Governance Committee. Each of these committees shall consist solely of independent Directors. Committee members will be appointed by the Board upon recommendation of the Compensation and Governance Committee having consideration for the desires of individual Directors. The Board may, from time to time, establish or maintain any additional committees it determines.

B. Rotation of Committee Assignments and Chairs

Committee assignments and the designation of committee chairs should be based on Directors' knowledge, interests and areas of expertise. The Board does not favour mandatory rotation of committee assignments or chairs. The Board believes that experience and continuity are more important than rotation for its own sake. Committee members and chairs may be rotated in response to changes in membership of the Board and in all cases should be rotated only if rotation is likely to increase committee performance.

C. Committee Terms of Reference

Each committee shall have its own terms of reference. The terms of reference will set forth the purposes, goals and responsibilities of the committees.

D. Performance Review

Each committee will annually evaluate its own performance as part of the overall review of Board performance.

E. Frequency and Length of Committee Meetings

The chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's terms of reference.