

AGJUNCTION INC.
(the "Corporation")

BOARD OF DIRECTORS MANDATE

The Board of Directors (the "**Board**") of the Corporation is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of the Corporation. In general terms, the Board will:

- A. in consultation with the chief executive officer of the Corporation (the "**CEO**"), define the principal objective(s) of the Corporation;
- B. supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined by the Board;
- C. discharge the duties imposed on the Board by applicable laws and conduct its business in accordance with the Corporation's By-laws; and
- D. for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board, through discussion with the CEO and other management, will perform the following duties:

Strategic Direction, Operating, Capital and Financial Plans

- (a) require the CEO to present annually to the Board a strategic business plan for the Corporation's business, which must:
 - (i) be designed to achieve the Corporation's principal objectives,
 - (ii) identify the principal strategic and operational opportunities and risks of the Corporation's business, and
 - (iii) be approved by the Board as a pre-condition to the implementation of such plan;
- (b) review the principal risks of the Corporation's business and the steps the Corporation is undertaking to manage these risks;
- (c) approve the annual operating and capital plans;
- (d) approve issuances of additional common shares or other securities to the public;
- (e) monitor the Corporation's progress towards its goals established in the strategic, operating and capital plans, and to revise and alter its direction through management in light of changing circumstances;

Management and Organization

- (f) appoint the CEO and determine the terms of the CEO's employment with the Corporation;

- (g) in consultation with the CEO, develop a position description for the CEO;
- (h) evaluate the performance and integrity of the CEO periodically;
- (i) in consultation with the CEO, establish the limits of management's authority and responsibility in conducting the Corporation's business;
- (j) in consultation with the CEO, appoint all officers of the Corporation and approve the terms of each officer's employment with the Corporation;
- (k) receive periodically from the CEO the CEO's evaluation of the performance of each senior officer who reports to the CEO;
- (l) develop a system under which succession to senior management positions will occur in a timely manner;
- (m) approve any proposed significant change in the management organization structure of the Corporation;
- (n) approve all retirement plans, if any, for officers and employees of the Corporation;
- (o) in consultation with the CEO, establish a communications policy for the Corporation;
- (p) generally provide advice and guidance to management;

Finances and Controls

- (q) discuss with management the Corporation's systems to manage the risks of the Corporation's business and whether such systems are appropriate in the circumstances;
- (r) consider the appropriateness of the Corporation's capital structure;
- (s) review with management the procedures and controls in place to ensure that the financial performance of the Corporation is properly reported to shareholders, other security holders and regulators on a timely and regular basis and whether such systems are appropriate in the circumstances;
- (t) in consultation with the CEO, promote a culture of integrity for the Corporation and establish the ethical standards to be observed by all officers and employees of the Corporation and a process to monitor compliance with those standards;
- (u) review with management the processes and systems designed to ensure compliance with applicable laws by the Corporation and its officers and employees and whether such systems are appropriate in the circumstances;
- (v) review with management the steps taken by the Corporation to maintain the integrity of internal control and information systems, including maintenance of all required records and documentation;
- (w) review and approve material contracts to be entered into by the Corporation;
- (x) recommend to the shareholders of the Corporation a firm of chartered accountants to be appointed as the Corporation's auditors;

- (y) take all necessary actions to gain reasonable assurance that all financial information made public by the Corporation (including the Corporation's annual and quarterly financial statements) is accurate and complete and represents fairly the Corporation's financial position and performance;

Governance

- (z) in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
- (aa) facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
 - (i) selecting nominees for election to the Board,
 - (ii) appointing a Chairman of the Board who is not a member of management;
 - (iii) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate,
 - (iv) defining the terms of reference of each committee of the Board,
 - (v) implementing processes to assess the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director,
 - (vi) establishing a system to enable any director to engage an outside adviser at the expense of the Corporation;
- (bb) review periodically the adequacy and form of the compensation of directors;

Health, Safety and Environment ("HSE")

- (cc) monitor the Corporation's HSE policies and procedures and compliance with applicable regulatory requirements;

Delegation

- (dd) the Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board;

Meetings

- (ee) the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair and, unless impracticable, all board members are expected to attend all board meetings and review all board materials in advance of all meetings;
- (ff) minutes of each meeting shall be prepared;
- (gg) the Chief Executive Officer or his designate(s) may be present at all meetings of the Board;
- (hh) Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board;
- (ii) directors will formally declare any conflicts of interest to the Board, including the nature and

extent of any material interest in any transactions or agreements, and except in respect of matters exempted pursuant to subsection 120(6) of the *Business Corporations Act* (Alberta), will refrain from voting in relation to such matters;

- (jj) if requested by any director, the members of the Board who are not members of the Corporation's management, will meet separately from directors who are members of management, to discuss any matters raised by the director requesting the separate meeting;
- (kk) if requested by any director, the members of the Board who do not have a material interest in a transaction or agreement, will meet separately from directors who have such a material interest, to discuss any matters raised by the director requesting the separate meeting;

Report/Authority

- (ll) following each meeting, the secretary of such meeting will promptly report to the Board by way of providing draft copies of the minutes of the meetings.