

Terms Of Reference

Board Of Directors Mandate

Introduction

The Board of Directors (Board) is responsible under law for the management of Cordy's business and its affairs. It has the statutory authority and obligation to protect and enhance the assets of Cordy in the interest of all shareholders. Although Directors are elected by the shareholders to bring special expertise or a point of view to Board deliberations, the best interests of Cordy must be paramount at all times.

Subject to the Articles and By-Laws of Cordy, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, appointing committees and determining Director compensation.

As the Board has overall plenary power, this mandate is not intended to limit the powers of the Board but to assist the Board in the exercise of its powers and the fulfillment of its duties.

The fundamental responsibility of the Board is to appoint a competent executive team and to provide independent, effective leadership to supervise the management of Cordy's business and affairs and to grow value responsibly, in a profitable and sustainable manner.

Responsibilities

1. Legal Requirements

The Board is responsible for taking all reasonable steps to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.

Canadian law identifies the following as legal requirements for the Board to:

- Manage the business and affairs of Cordy;
- Act honestly and in good faith with a view to the best interests of Cordy;
- Exercise the care, diligence and skill that reasonably prudent people would exercise in comparable circumstances; and
- Act in accordance with its obligations contained in the Business Corporations Act (Alberta), the Securities Act of each province and territory of Canada, other relevant legislation and regulations, and Cordy's Articles and By-Laws.

In particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a committee:

- Submission to the shareholders of a question or matter requiring the approval of the shareholders;
- Filling of a vacancy among the Directors or in the office of the external auditor;
- Manner and term for the issuance of securities;
- Declaration of dividends;
- Purchase, redemption or any other form of acquisition of shares issued by Cordy;

- Payment of a commission to any person in consideration of the purchase or agreement to purchase shares of Cordy from Cordy or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- Approval of management proxy circulars;
- Approval of any take-over bid circular or Directors' circular;
- Approval of the financial statements of Cordy; and
- Adoption, amendment or repeal of By-Laws of Cordy.

2. Reporting to Shareholders

- Cordy is in compliance with all continuous disclosure and public reporting requirements;
- Cordy has in place an effective reporting and communications program with all shareholders and stakeholders and to apprise the Board of any major concerns expressed by shareholders;
- The financial performance of Cordy is adequately reported to shareholders, other security holders and regulators on a timely and regular basis, including the approval of quarterly and annual financial statements;
- The financial results are reported fairly and in accordance with generally accepted accounting principles;
- The timely reporting of any other developments that have a significant and material impact on the value of Cordy; and
- Shareholders are reported to annually on the Board's stewardship for the preceding year (the Annual Report).

3. Governance

- Appoint all Committee members;
- Appoint the Chief Executive Officer (CEO), monitor and evaluate the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value, and approve CEO compensation;
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities to ensure a culture of integrity and ethical conduct throughout the organization;
- Ensure that a process is established that adequately provides for management succession and development on a yearly basis;
- Establish limits of authority delegated to management;
- Periodically review Corporate Governance guidelines and amend as required;
- Approve and monitor compliance with all Corporate Governance policies and procedures by which Cordy is operated;
- Ensure systems are in place which are designed to ensure Cordy operates at all times within applicable laws and regulations, and to the highest ethical and moral standards; and
- Ensure that the Board and each of its committees have the ability to retain, at Cordy's expense, independent financial, legal, accounting and other advisors.

4. Monitor and Approve

- Monitor Cordy's progress against its strategic plan and operating and capital budgets, and to revise and alter Cordy's direction through management in light of changing circumstances;
- Approve any payment of dividends and new financings;
- Approve Director compensation;
- Direct management to ensure proper financial reporting and financial control systems are in place; and
- Ensure that a system is in place to identify the principal risks to Cordy's business and to ensure that the best practical procedures are in place to monitor and mitigate the risks. The principle mechanisms through which the Board reviews risks are:
 - On-going reports by the CEO;
 - The strategic planning process; and
 - The Audit Committee.

5. Operational Effectiveness and Financial Reporting

- Ensure there is a strategic planning process and then review, question, validate, and ultimately endorse the strategy and monitor its implementation;
- Review and approve Cordy's objectives and goals, and the strategy by which management proposes to reach those goals; and
- Review and approve the annual operating and capital budgets.