

CORRIDOR RESOURCES INC.

BOARD OF DIRECTORS

Terms of Reference

General Powers of the Board of Directors

The board of directors has a duty to manage the business and affairs of Corridor Resources Inc. (the "Corporation") in accordance with the *Business Corporations Act* (Alberta) and the regulations thereunder and the articles and by-laws of the Corporation. The powers of the board of directors may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all directors entitled to vote on the resolution.

The principal responsibility of the board of directors is to promote the best interests of the Corporation and its shareholders. This responsibility includes: (i) approving fundamental operating, financial and other corporate plans, strategies and objectives; (ii) evaluating the performance of the Corporation and its senior management; (iii) selecting, regularly evaluating and fixing the compensation of executive officers; (iv) adopting policies of corporate governance and conduct, including compliance with stock exchange policies, applicable laws and regulations, financial and other controls; (v) reviewing the process of providing appropriate financial and operational information to the shareholders and the public generally; and (vi) evaluating the overall effectiveness of the board of directors.

General Fiduciary Duties

The board of directors must act in the best interests of the Corporation and its shareholders generally. Every director of the Corporation in exercising his powers and discharging his duties must:

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

Fiduciary duties include, by way of example, the obligation to refrain from voting on contracts where personal financial or other interests conflict with those of the Corporation, using insider information in securities transactions and appropriating a corporate opportunity for personal benefit. Directors must act with such care as would reasonably be expected of a person having the knowledge and experience of the particular director in question.

Directors should have sufficient information to enable them to make knowledgeable decisions on all matters coming before the board of directors. It is the responsibility of each director to ask such questions as may be necessary to satisfy him on that he has been supplied with all the necessary information on which to base his decisions. Directors should have a basic understanding of the principal operational and financial objectives, strategies and plans of the Corporation, the results of operations and the financial condition of the Corporation.

Directors are entitled to rely in good faith on: (i) financial statements of the Corporation which are represented by an officer of the Corporation or in a written report of the auditors of the Corporation as fairly reflecting the financial condition of the Corporation; or (ii) an opinion or report of a lawyer, accountant, engineer, appraiser or other person whose profession lends creditability to a statement made by him.

In order to fulfill his fiduciary duties to the Corporation and its shareholders, each director should: (i) prepare for and attend all meetings of the board of directors; (ii) be sufficiently informed about the current and proposed activities of the Corporation; (iii) review the minutes of meetings, including any meeting not attended as well as any resolutions passed or actions taken; (iv) obtain advice from outside or independent advisors and consultants when necessary; (v) consider whether that the minutes of the previous meeting of the board of directors accurately represent the discussions that took place and the resolutions that were passed; and (vi) be attentive to matters arising in respect of the Corporation's activities according to his own experience and occupation.

Conflicts of Interest

A director who is a party to a material contract or proposed material contract with the Corporation, or who is a director or officer of or has a material interest in any corporation or entity which is a party to a material contract or proposed material contract with the Corporation, must disclose in writing to the Corporation, or request to have entered in the minutes of meetings of directors, the nature and extent of his interest.

The disclosure required to be made by a director where there is a conflict of interest must be made at the meeting at which a proposed contract is first considered by the board of directors or, if the director had no interest in a proposed contract at the time of such meeting, at the first meeting of the board of directors after he acquires an interest. If the director acquires an interest after a contract is made, he must disclose his interest at the first meeting of the board of directors after acquiring the interest. If a person who has an interest in a contract later becomes a director of the Corporation, he must disclose his interest at the first meeting of the board of directors after he becomes a director.

Where a proposed contract is dealt with by a written resolution signed by all directors in lieu of a meeting of the board of directors, the disclosure must be made immediately upon receipt of the resolution or, if the director had no interest at the time of receipt of the resolution, at the first meeting of the board of directors after he acquires the interest.

A director who discloses a conflict of interest must refrain from taking part in any discussions or voting on any resolution to approve the contract, unless the contract is:

- an arrangement by way of security for money loaned to or obligations undertaken by him, or by a corporation in which he has an interest, for the benefit of the Corporation or an affiliate;
- a contract relating primarily to his remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- a contract for indemnity or insurance with respect to a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a corporation of which the Corporation is or was a shareholder or creditor; or
- a contract with an affiliate of the Corporation, provided however, that directors who serve on boards of affiliated corporations are not required to refrain from voting on contracts between the two corporations.

Any profits or gains realized by a director as a result of his privileged position on the board of directors must be reimbursed to the Corporation, except in the case of gains resulting from contracts with

respect to which he has complied with the obligation to disclose his interest and has refrained from voting.

Mandate and Stewardship of the Corporation

The board of directors is responsible for the stewardship of the Corporation and, as part of the overall stewardship responsibility, should assume responsibility (directly or through its committees) for overseeing the following matters:

- the adoption of a strategic planning process;
- the identification of the principal risks of the Corporation's business and endeavoring to ensure the implementation of appropriate systems to manage those risks;
- succession planning;
- the implementation of a communications policy for the Corporation;
- monitoring the integrity of the Corporation's internal control and management information systems; and
- overseeing the Corporation's commitment to social and community responsibility and fostering ethical and responsible decision making by management.

The board of directors have identified the following core functions:

- choosing the CEO and overseeing his efforts to direct senior management team in respect of managing the enterprise;
- setting the broad parameters within which the management team operates, including adopting a strategic planning process and approving a strategic direction; defining a framework to monitor the management of business opportunities and risks;
- providing direction and advice to the CEO and the management team;
- monitoring and assessing the performance of the CEO; and
- providing information to securityholders and stakeholders about the integrity of the Corporation's financial performance.

Corporate Opportunity

A director is precluded from obtaining for himself or diverting to another person or corporation with whom or with which he is associated, either secretly or without the approval of the Corporation, any property or business advantage belonging to the Corporation or with respect to which it has been in the course of negotiations.

A director is also precluded from acting in the manner described even after his resignation, where the resignation may fairly be considered to have been prompted or influenced by a wish to acquire for himself the opportunity sought by the Corporation, or where it was his position with the Corporation that led to the opportunity.

In certain circumstances, a director may not use his position as a director to make a profit, even if it was not open to the Corporation to participate in the transaction.

Duty of Independence

A director must act in the best interests of the Corporation and its shareholders generally and not in the interest of any one shareholder or group of shareholders. In determining whether a particular transaction or course of action is in the best interests of the Corporation, a director, if he is elected or appointed by holders of a class or series of shares, may give special, but not exclusive, consideration to the interests of those who elected or appointed him.

Duty of Confidentiality

Directors of the Corporation have an obligation to maintain the confidentiality of matters discussed at meetings of the board of directors unless:

- it was clearly understood at the Board meeting that the information was not required to be kept in confidence;
- the director was required or authorized by law to disclose the information; or
- the director was authorized expressly or implicitly by the board of directors to make disclosure of the information.

Duty Not to Misuse Information or Position

A director must not misuse his position or make improper use of information acquired by virtue of his position to gain, directly or indirectly, an advantage for himself or any other person or to cause detriment to the Corporation. Directors are insiders of the Corporation and, as such, must not use information about the Corporation to trade in securities or to assist others to trade in securities of the Corporation before the information is available to the public.

Insider Reporting

Directors are required to report any changes in their direct or indirect beneficial ownership of or control or direction over securities of the Corporation within ten days of the change.

Communication to Shareholders

The board of directors must comply with the Corporation's applicable disclosure policy regarding effective communication with its shareholders and the public generally. Directors have a responsibility to have appropriate procedures in place so that accurate, appropriate and timely disclosure is being made to the Corporation's shareholders and to the public.

Delegation of Authority to Officers and Committees

The board of directors may delegate authority and functions to officers and to committees of directors. The board of directors has the right to appoint officers to perform such duties assigned to them by the board of directors. The persons holding such offices shall also have the powers assigned to them from time to time by the Chief Executive Officer of the Corporation.

In the case of the Corporation, committees of directors include an Audit Committee and Corporate Governance Committee. The board of directors has established the terms of reference for each such committee, which includes the committee's responsibilities, the composition of the committee, and various administrative matters, and a position description for the chair of each committee.

The following matters are within the sole purview of the board of directors and may not be delegated by the board to a committee of directors or to an officer of the Corporation:

- the submission to the shareholders of any question or matter requiring the approval of the shareholders;
- the filling of a vacancy among the directors or in the office of the auditor;
- the issuance of securities, except in the manner and on the terms authorized by the directors;
- the declaration of dividends;
- the purchase, redemption or other acquisition of shares of the Corporation, except in the manner and on the terms authorized by the directors;
- the payment of a commission to any person in consideration of: (i) his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person; or (ii) his procuring or agreeing to procure purchasers for shares of the Corporation;
- the approval of a management proxy circular;
- the approval of any financial statements to be placed before the shareholders at an annual meeting; or
- the adoption, amendment or repealing of any by-laws of the Corporation.

Financial Statements

The board of directors has a duty to approve the annual financial statements of the Corporation and to submit the financial statements of the Corporation, and the auditors' report thereon, for the preceding year to the shareholders at the annual meeting of the shareholders of the Corporation.

A director is required to forthwith notify both the Audit Committee and the Corporation's auditors of any error or misstatement of which he becomes aware in the audited financial statements of the Corporation. The board of directors has a duty to prepare and issue corrected financial statements on being informed of an error or misstatement by an auditor or former auditor and the duty to file these statements with or inform the appropriate securities regulatory authorities.

Auditors

On demand from the Corporation's auditors, each present and former director of the Corporation has a duty to furnish to the auditors any information and explanations and allow access to any books, records, documents, accounts or vouchers of the Corporation or its subsidiaries that he is reasonably able to furnish and which the auditors consider necessary to enable them to report on the annual financial statements.

Shareholder Meetings

The board of directors is required to call the annual meeting of the shareholders and may, at any time, call a special meeting of shareholders. The board of directors has a duty to call a special meeting of the shareholders to approve any matter, which requires the approval of shareholders by special resolution.

Matters Requiring Board Approval

The following matters require specific approval of the board of directors:

- all matters identified as falling within the sole purview of the board of directors;
- the annual budgets (including operating and capital budgets) for the Corporation and any amendments thereto;
- compensation (including options, bonuses and forms of compensation) for executive officers of the Corporation having regard to the recommendations of any properly constituted committee in respect of such matters and the recommendations of the Chief Executive Officer;
- expenditures or transactions falling outside the guidelines or operating authorities approved by the Board and for this purpose, expenditures described in an approved budget may be authorized by the CEO, as well other expenditures required in an emergency situation (i.e. environmental, health and safety);
- the selection of principal advisors to the Corporation, including banking, legal, engineering and financial;
- the appointment of officers of the Corporation;
- the appointment of members to committees of the board of directors;
- any transaction involving senior management that is outside corporate policy or which, because of the nature of transaction or the potential for conflict because the parties are not acting at arm's length should be approved by the board of directors; and
- major and significant corporate decisions, including any contract, arrangement or transaction, which would reasonably be considered to be material, or of such significance as to reasonably warrant consideration by the board of directors.