

TERMS OF REFERENCE FOR THE MAJOR CAPITAL PROJECTS COMMITTEE

MAJOR CAPITAL PROJECTS COMMITTEE

PURPOSE

The primary purpose of the Major Capital Projects Committee (the “Committee”) is to assist the Board in carrying out its oversight responsibilities with respect to

- the planning, development and construction of the Company’s major capital projects;
- litigation concerning the Company’s major capital projects;
- environmental health and safety in relation to the Company’s major capital projects;

and making recommendations to the Board as appropriate.

DEFINITION OF MAJOR CAPITAL PROJECT

The Board will delegate to the Committee responsibility to assist the Board with oversight responsibilities in respect of certain major capital projects or initiatives (or a series of projects or initiatives).

In determining which projects, or series of projects, will be delegated to the Committee, the Board will consider:

- a) stakeholder, financial, environmental and political considerations;
- b) project complexity;
- c) project cost; and
- d) whether the project is using risk mitigation strategies, including long-term contracting, turnkey construction contracting, partnerships, etc..

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COMPOSITION

The Committee shall consist of:

- a) three directors appointed by the board;
- b) The Board Chair who is an ex officio, non-voting, member; and
- c) up to three additional individuals appointed by the Committee as advisors to the Committee who are not directors.

Non-director advisors of the Committee shall not be entitled to vote. At the time of appointment to the Committee, non-director advisors shall enter into an agreement, in a form approved by the Committee, requiring them to refrain from engaging in any activities that would be in conflict to their duties and obligations to the Committee and to keep confidential all information (written or otherwise) received in their capacity as a Committee advisor. It is the intention of the Board that non-director advisors of the Committee shall not incur any liability in their capacity as a Committee advisor and the Committee is authorized to provide such assurances as may be required to provide comfort to the non-directors in this regard.

At the request of the Committee, certain members of the Company's senior management and others will attend Committee meetings on an *ad hoc* or regular basis.

APPOINTMENT/REMOVAL

The Board shall appoint the members of the Committee and the Chair of the Committee.

Any member of the Committee may be removed or replaced at any time by the Board.

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MEETINGS

FREQUENCY

The Committee shall meet no less than four times per year. Special meetings shall be arranged as required.

Meeting dates will be scheduled a year in advance in conjunction with Board meetings where possible.

NOTICE

Notice of the time and place of each Committee meeting, and the agenda of the meeting, may be given orally, or in writing, or by facsimile or by electronic means to each member of the Committee at least 48 hours prior to the time fixed for such meeting, unless notice is waived. Members may waive notice of any meetings before or after the holding thereof.

QUORUM

A quorum for the transaction of business at all meetings of the Committee shall be a majority of Committee members.

VOTING

The Committee shall seek to act on the basis of consensus, but an affirmative vote of a majority of members of the Committee participating in a meeting shall be sufficient for the adoption of any resolution.

MEETING ATTENDANCE

It is preferable that Committee meetings be attended in person; however, Committee members may attend by video conference or telephone with prior approval of the Committee Chair.

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A resolution in writing, signed by all of the directors who would be entitled to vote on that resolution at a meeting of the Committee, is as valid as if it had been passed at a meeting of the Committee.

IN CAMERA

The members of the Committee may meet *in camera* (without management present) at the beginning or end of each Committee meeting.

COMMITTEE CHAIR

The Committee Chair shall:

- a) lead the Committee in the performance of its duties and carrying out its responsibilities within the terms of this Charter established by the Board;
- b) report to the Board of Directors on the outcome of the deliberations of the Committee; and
- c) meet regularly and as required with management of the Company to review material issues and to ensure that the Committee is provided in a timely manner with all information necessary to permit the Committee to fulfil its obligations.

If the Committee Chair is unavailable or unable to attend a meeting of the Committee, the Committee Chair shall ask another member of the Committee to chair the meeting, failing which a member of the Committee present at the meeting shall be chosen by a majority of Committee members to preside over the meeting.

STAFF SUPPORT

The Committee shall appoint a Committee Secretary to provide staff support to the Committee. This may be, but is not required to be, the Corporate Secretary. The Committee Secretary shall keep minutes of the Committee meetings.

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MINUTES

Minutes of Committee meetings shall be sent to all Committee members. The approved minutes shall serve as the official record of the Committee meeting.

REPORTING TO THE BOARD

The Committee will report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next meeting of the Board of every major matter considered since the Committee's last meeting.

DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee shall:

DEVELOPMENT/CONSTRUCTION

- a) in respect of proposed projects, assist the Board in making a decision whether or not to proceed with the project.
- b) during the development stage of a project, oversee management's project development plans and provide advice to management as appropriate on the following:
 - i) project team and structure;
 - ii) use and choice of outside consultants;
 - iii) project risk profile, timetable, critical path and mitigation strategies;
 - iv) project pro-forma model and sensitivity cases;
 - v) proposed key contractual heads of terms and an outline of contracting strategy; and
 - vi) the timing of securing Board approval for commencement of project construction and/or major pre-construction financial commitments;

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- c) during the construction phase of a project,
 - vii) review with management such items as the following:
 - a. the proposed construction oversight program;
 - b. use and choice of outside consultants;
 - c. co-ordination in the use of consultants retained by the Committee or Board;
 - d. the identification of major project milestones and progress in achieving them, including variance analysis and mitigation strategies;
 - e. a regularly updated project risk profile and early warning of key issues or disputes and suggested mitigation strategies;
 - f. project pro-forma model updates, showing actual expenditures versus budget, use of contingency and projected final expenditures; and
 - g. expected completion schedule.
 - viii) provide regular construction progress updates to the Board;

LITIGATION

- d) with respect to material litigation involving a project:
 - ix) review with management:
 - a. choice of outside legal counsel;
 - b. the Company's legal position with respect to claims by and against it;
 - c. litigation strategy;
 - x) provide regular litigation status updates to the Board;

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- xi) make recommendations to the Board in respect of any strategic issues concerning such litigation;
- e) review the Company's operational project management oversight controls and systems;

ENVIRONMENTAL HEALTH AND SAFETY

- f) Review and monitor the environmental, safety and health policies and activities of the Company on behalf of the Board to ensure that the Company is in compliance with appropriate laws and legislation;
- g) Review management's quarterly environmental, health and safety reports;
- h) Review an annual report by management on environmental, safety and health issues;
- i) Encourage, assist, support and counsel management in developing short and long term policies and standards to ensure that the principles set out in the environmental, health and safety policies are being adhered to and achieved;
- j) Periodically review environmental, health and safety response compliance issues and incidents to determine, on behalf of the Board, that the Company is taking all necessary action in respect of those matters and that the Company has been duly diligent in carrying out its responsibilities and activities in that regard;
- k) Review results of operational environment, health and safety audits and management's activities to maintain appropriate internal and external environmental and safety audits;
- l) Ensure that principle areas of environmental, health and safety risk and impacts are identified and that sufficient resources are allocated to address these;

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- m) Ensure that the Company's directors are kept abreast of their duties and responsibilities related to the scope of this Committee;
- n) Make periodic visits, as individual members or as the Committee, to major capital project sites in order to become familiar with the nature of the operations, and to review relevant objectives, procedures and performance with respect to environment, health and safety;
- o) Investigate, or cause to be investigated, any extraordinary negative environment, health and safety performance where appropriate;
- p) address other safety issues as delegated to the Committee by the Board.

GENERAL

- q) report to the Board from time to time as the Committee determines;
- r) at least annually, review the Committee's terms of reference; and
- s) perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's major capital projects.

COMPENSATION

No member of the Committee who is a director may receive directly or indirectly any consulting, advisory or other compensatory fee or other payment from the Company other than compensation received for serving as a director and/or Committee member.

Committee advisors who are not members of the Board shall receive compensation in an amount determined by the Committee in accordance with, and within the limits of, a Committee budget for non-director advisors approved in advance by the Board.

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AUTHORITY

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate.

The Committee is authorized to seek any information it requires from any employee of the Company in order to perform its duties.

ANNUAL REVIEW AND ASSESSMENT

The Committee shall conduct an annual review and assessment of its performance, including a review of its compliance with this Charter, in accordance with the process developed by the Committee and approved by the Board. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis taking into account all legislative, regulatory and government requirements applicable to the Committee as well as any best practice guidelines recommended in relation to the work of the Committee and, if appropriate, shall recommend changes to the Board.

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COMMITTEE TIMETABLE

The timetable for the Committee’s activities is reflected in the Committee’s calendar set out below.

Capital Projects Committee Calendar				
	Date	Date	Date	Date
Review development/construction issues in relation to all current major projects				
Review of Project Management control systems				
Review outstanding litigation issues in relation to major projects				
Review Company’s environmental, safety and health policies				
Review quarterly environmental, health and safety reports				
Review annual management report on environmental, safety and health				
Review results of operational environment, health and safety audits and management’s activities to maintain appropriate internal and external environmental and safety audits.				
<i>Prepare Committee budget for non-director advisors</i>				
<i>Obtain approval for Committee budget</i>				
Review of Capital Projects Committee Charter				
Review Committee Performance				