

AQUATERA UTILITIES INC.

BOARD MANDATE

Directors have a duty of oversight on the management of the business and affairs of the Company. In carrying out this duty, Directors are expected to act honestly and in good faith with a view to the best interests of the Company. To this end, the Board of Directors has committed itself to maintaining a high standard of Corporate Governance which incorporates as its basis principles of good conduct and high ethical behaviour.

A. Mandate of the Board

On behalf of the Company's shareholders, the Board of Directors is responsible for the overall stewardship of the Company, establishing the overall policies, standards, and risk tolerances for the Company and reviewing the Company's strategic plans. It also monitors and assesses performance and progress in meeting the long and short terms goals of the Company. The Board will acknowledge and consider the expectations of Shareholders as it acts in the best interests of the Company and its stakeholders and customers.

B. Duties and Responsibilities of the Board

1. Leadership

The Board shall provide leadership and vision to guide the management of the Company in the best interests of the Company, in furtherance of which the Board shall:

- (a) Take charge in matters of:
 - the Company's central idea,
 - selection of the CEO,
 - Board competence, architecture, and modus operandi,
 - ethics and integrity,
 - compensation architecture, and
 - the significant matters set out in C(5) below.
- (b) Partner with management in matters of:
 - strategy, capital allocation, mergers and acquisitions
 - financial goals, shareholder value, stakeholder balance,
 - risk appetite,
 - resource allocation,
 - talent development, and
 - culture of decisiveness.
- (c) Stay out of the way of management in matters of:
 - execution,
 - operations,
 - areas of delegated authority, and
 - nonstrategic decisions.

2. Corporate Strategy

The Board shall:

- (a) Jointly, with management, review and confirm the Core Purpose, Vision, Brand Promise and Values annually.
- (b) Approve the strategic planning process and, collaboratively with management, develop key strategies that form the Strategic Plan.
- (c) Annually review, discuss and approve the Company's Strategic Plan.
- (d) Monitor performance in executing the strategies and meeting the objectives of the Strategic Plan.
- (e) Receive reports from the CEO on business operations and major issues facing the Company.

3. Chief Executive Officer

The Board shall:

- (a) Approve, and receive recommendations from the Human Resources Committee (HRC) on, appointments to the position and office of the CEO, the CEO's compensation including any employment or employment related agreements.
- (b) Approve, and receive recommendations from the HRC on proposed changes to the role and responsibilities of the CEO.
- (c) Approve, and receive recommendations from the HRC on, the CEO's annual goals and objectives.
- (d) Approve, and receive recommendations from the HRC on, the CEO's compensation resulting from an evaluation of the CEO's performance in relation to his/her annual goals and objectives.
- (e) Terminate the employment of the CEO, as required, for failing to ensure effective management of the Company.

4. Governance

The Board shall:

- (a) Approve, and receive recommendations from the Governance and Environment Committee (GEC) on, changes to the Company's corporate governance practices and Corporate Governance Guidelines, and the governance practices in place for major subsidiaries of the Company.
- (b) Approve, and receive recommendations from the GEC on, the scope and responsibilities of the Board and its committees and the Board's expectations of individual directors, ensuring written mandates appropriately reflect duties and responsibilities, and the establishment or disbandment of committees as required.
- (c) Approve, and receive recommendations from the GEC on, the scope and responsibilities of the Board and committee chairs and individual directors, ensuring written mandates appropriately reflect duties and responsibilities.
- (d) Recommend to the shareholders, and receive recommendations from the GEC on, the size of the Board and term limits for directors.
- (e) Approve, and receive recommendations from the GEC on, criteria for selecting new directors.
- (f) Nominate to the shareholders, and receive recommendations from the GEC on, candidates to be elected to the Board.
- (g) Approve, and receive recommendations from the GEC on, the process for appointing the Chair of the Board.
- (h) Approve, and receive recommendations from the GEC on, the composition of

various committees of the Board.

- (i) Recommend to the shareholders, and receive recommendations from the Human Resources Committee (HRC) on, the compensation of the Chair of the Board, chairs of committees and directors.
- (j) Oversee the development and implementation of an orientation and education program for new directors and an ongoing director education and professional development program.
- (k) Receive annually a report from the GEC on its assessment of the independence of outside directors and disclosures from a director who makes a major change in principal occupation.
- (l) Annually evaluate, through reporting by the GEC, the performance and effectiveness of the Board, its Committees, individual directors, the Board Chair and committee chairs.
- (m) Review and confirm that Board policies provide for appropriate controls, and review and approve amendments to any Board policies that have been recommended to the Board by a committee.
- (n) Recommend to the shareholders, and receive recommendations from the GEC on, amendments to the Unanimous Shareholder Agreement and the Company's Articles of Association and by-laws.
- (o) Receive from time to time from the GEC, a list of corporate governance issues for review, discussion or action by the Board or a committee thereof.

5. Significant Matters

The Board shall:

- (a) Approve acquisitions and divestitures, major capital expenditures, debt and equity financing transactions, material organizational changes, policy development, budgets, material financial plans and commitments, corporate and significant personnel matters.

6. Compliance, Code of Conduct and Corporate Responsibility

The Board shall:

- (a) Oversee the Company's compliance with the laws, rules and regulations of Alberta, working closely with the CEO to ensure such compliance is a priority within the organization.
- (b) Receive reports from the Audit and Risk Committee (ARC) that a non-compliance with the Company's Principles & Values by a senior manager and recommendations that, under the circumstances a waiver be granted.
- (c) Receive any reports of non-compliance from a director who has failed to adhere to the principles and standards of the Directors' Code of Conduct.
- (d) Grant to a director, on the recommendation of the Chair of the GEC, a waiver of compliance with one or more provisions of the Directors' Code of Conduct.
- (e) Receive reports from management on the social and environmental impacts and benefits of the Company's operations.

7. Risk Management

The Board shall:

- (a) Receive annually reports from the ARC on management's assessment of the significant risks to which the Company is exposed.
- (b) Approve, and receive recommendations from the ARC on, any proposed

changes to the Company's investment policies, banking/credit agreements, and purchasing policies.

- (c) Receive annually reports from the ARC and management on:
 - (i) the Company's strategies in light of the overall risk profile of the Company;
 - (ii) the nature and magnitude of all significant risks;
 - (iii) the processes, policies, procedures and controls in place to manage or mitigate the significant risks; and
 - (iv) the overall effectiveness of risk management processes including highlighting risk management problems and the actions that have been or will be taken to address them.
- (d) Receive from time to time reports from management risks and the risk-reward analysis undertaken in connection with all projects brought to the Board for approval.
- (e) Approve, and receive recommendations from the ARC on, amendments to the ARC Charter Schedule 1 – Internal Audit Procedure.
- (f) Receive periodic reports from the ARC on audit and financial matters.

8. Delegation of Authority

The Board shall:

- (a) Delegate to the the CEO and senior management the responsibility for the day to day management of the business of the Company and specify limits to management's authority.

9. Audit and Financial Matters

The Board shall:

- (a) Nominate to the shareholders, and receive recommendations from the ARC on, the appointment of the Company's external auditors.
- (b) Receive recommendations from the ARC on appropriate action to take in response to the external auditors' report to satisfy itself of the external auditors' independence.
- (c) Approve, and receive recommendations from the ARC on, the Company's audited annual financial statements including the notes thereto and, "Management's Discussion and Analysis".
- (d) Approve, and receive recommendations from the ARC on, the Company's financial commitments and limits, and any material changes underlying any of these commitments.
- (e) Receive periodic reports from the ARC on audit and financial matters.
- (f) Approve, and receive recommendations from the CEO on, financial objectives and policies including dividends and dividend policy.
- (g) Approve, and receive recommendations from the CFO on, financial management of Aquatera, its subsidiaries and its assets.
- (h) Report annually to shareholders on the work of the ARC during the year.

10. Human Resources and Safety

The Board shall:

- (a) Approve, and receive recommendations from the HRC on, proposed changes to major human resources policies.
- (b) Approve, and receive recommendations from the HRC on, the salary, short-term incentives, long-term incentives, benefits and other compensation for the CEO.

- (c) Approve, and receive recommendations from the HRC on, termination payments for the CEO.
- (d) Approve, and receive recommendations from the HRC and ARC on, any amendments to the Company's externally managed Employee Retirement Pension Plans or similar plans (other than statutory changes as advised by the administrators of such plans).
- (e) Receive annually reports from the HRC and ARC on the overall governance of the Company's externally managed pension plans and approve the broad objectives of the plan(s) and any material changes to the plan(s).
- (f) Approve, and receive recommendations from the HRC on, major changes to the structure and organization of senior management functions.
- (g) Receive annually reports from the HRC on the succession and development plans for the CEO, CFO, COO and other key management positions.
- (h) Receive reports from the HRC on corporate Key Strategic Objectives developed by management.
- (i) Approve, and receive recommendations from the HRC on, the health and safety policies and procedures of the Company, compliance initiatives and any other matters relating to health and safety it considers relevant.

11. Environment

The Board shall:

- (a) Receive recommendations from the GEC on the environment policies of the Company, compliance initiatives and any other matters relating to environment it considers relevant.
- (b) Receive reports from the GEC on all environmental matters that may have a material impact on the business or financial results of the Company together with a plan of action for addressing these matters.

12. Committees

The Board shall:

- (a) Appoint an ARC to assist the Board in fulfilling its oversight responsibilities with respect to audit and financial matters, risk management, and internal audit and controls, as described in the ARC Charter.
- (b) Appoint a GEC to assist the Board in fulfilling its oversight responsibilities with respect to governance and environment, as described in the GEC Charter.
- (c) Appoint a HRC to assist the Board in fulfilling its oversight responsibilities with respect role of the CEO and evaluation of the CEO's performance, human resources policy, appointment of the CEO, compensation, pension and other benefits, organization change, management development and succession planning, and health and safety, as described in the HRC Charter.
- (d) Approve, and receive recommendations from the GEC on, the appointment of committee members and committee chairs.
- (e) Form a new committee or disband a current committee if in its view it is appropriate to do so, provided that the Board will always have an ARC.
- (f) Establish a temporary subcommittee with a specific short-term assignment, which is to be chaired by a director and is subject to discharge once its mandate is complete or at the discretion of the Board.
- (g) Receive reports from each committee with respect to the proceedings of each meeting.

13. Communications

The Board shall:

- (a) Adopt and periodically review, a communication procedure addressing timely dissemination of all material information.
- (b) Review, or delegate the review of, the content of the Company's major communications to shareholders, including the annual reports.
- (c) Engage shareholders to enhance understanding and communication through:
 - Annual, informal Board and shareholder reception and round table discussion,
 - Annual Meeting,
 - Presentation of the Board Strategic Plan,
 - A review of draft Business Plans with shareholders prior to final Board approval,
 - Other means of dialogue as appropriate.