

PFB CORPORATION

MANDATE OF THE BOARD OF DIRECTORS

I. OVERALL PURPOSE / OBJECTIVES

The Board of Directors (the “Board”) is responsible for the overall stewardship of the Corporation on behalf of all Shareholders. It operates by delegating certain of its authority and responsibilities to committees and management and reserving certain powers to itself. It will retain full effective control over the Company and will monitor senior management.

II. COMPOSITION

The Board should be constituted of a majority of individuals who qualify as independent directors. The Corporation expects and requires directors to be and remain free of conflicts of interests or relationships and to refrain from acting, in ways which are actually or potentially harmful, conflicting or detrimental to the Corporation’s best interests.

The Board is responsible for evaluating its composition and determining the appropriate number of directors.

The membership of the Board will also include an appropriate number of individuals who are Financially Literate and who have Accounting or Related Financial Experience to ensure that the individual members appointed to the Audit Committee fulfill the requirements of applicable regulations relating to Audit Committees.

III. MEETINGS

The Board will meet at least four times per year. The Board will have an in camera session excluding non-independent directors and management at each meeting. The Board will implement structures and procedures to ensure that it functions independently of management. Minutes of all meetings of the Board shall be maintained.

IV. INTERPRETATION

“Accounting or Related Financial Experience” means the ability to analyse and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

“Financially Literate” means able to read and understand a balance sheet, an income statement and a cash-flow statement and the notes attached thereto.

“Independent Director” means a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholdings.

“Non-Independent Director” means a director who is a member of management.

V. RESPONSIBILITIES AND DUTIES

The Principal Functions of the Board are as follows:

Selection of Directors

1. The Board is responsible for approving new nominees to the Board and for assessing directors based upon the recommendations of the Corporate Governance and Nominating Committee.
2. The Board will every two years consider the skills and competencies of the members of the Board from the perspective of determining what additional skills and competencies would be helpful to the Board. The Board will convey its findings to the Corporate Governance and Nominating Committee to be used to identify specific candidates.
3. The Board will ensure that prospective candidates for Board membership have received the appropriate information to permit them to fully understand the role of the Board and its committees and the contributions expected from individual directors.
4. The Board will every two years review the assessment of the Board's performance and recommendations provided by the Corporate Governance and Nominating Committee and evaluate its own effectiveness, the whole in accordance with the Corporation's corporate governance policy. The Board will take appropriate action based upon the results of the review process.

Committees

1. The Board shall appoint committees to assist it in performing its duties and processing the quantity of information it receives.
2. Subject to paragraphs 4, 5, and 6 of this section, committee members appointed by the Board should be composed of Independent Directors.
3. The Board shall name members of committees after considering the recommendations of the Corporate Governance and Nominating Committee and the input of the Chairman of the Board as well as the skills and desires of individual Board members, all in accordance with the mandates of such committees approved by the Board.
4. The Audit Committee will be composed only of Independent Directors. All members of the Audit Committee will be Financially Literate and at least one member will have Accounting or Related Financial Experience.
5. The Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee will be composed only of Independent Directors.
6. The Environmental and Safety Committee will be composed of Independent Directors and may include non-voting members who are management or employees of the Corporation.
7. The Board will receive reports from each committee as to the work undertaken by the committee and, in each case, the committee's recommendations, if any, for change with respect to its responsibilities. The Board will evaluate and approve, if appropriate, such recommendations. The Board will also receive minutes of all committee meetings.

8. The Board will annually evaluate the performance and review the work of its committees, including their respective mandates and the sufficiency of such mandates.
9. The Board will annually appoint a member of each of its committees to act as Chair.

Senior Management

1. The Board will oversee management through an ongoing review process.
2. The Board will appoint and determine the remuneration of the Chief Executive Officer upon recommendation of the Human Resources and Compensation Committee.
3. The Board will, together with the Chief Executive Officer, and with the assistance of the Human Resources and Compensation Committee, develop a position description for the Chief Executive Officer. The Board will review and approve the objectives developed for the Chief Executive Officer by the Human Resources and Compensation Committee and review the assessment of the Chief Executive Officer's performance in relation to such objectives made by the Human Resources and Compensation Committee.

General Responsibilities of the Board of Directors

1. The Board will oversee the management of the Corporation. In doing so, the Board will establish a productive working relationship with the Chief Executive Officer and other members of senior management.
2. The Board will oversee the formulation of long-term strategic, financial and organizational goals for the Corporation.
3. As part of the responsibility of the Board to oversee management of the Corporation, the Board will engage in active monitoring of the Corporation and its affairs in its stewardship capacity.
4. The Board will, through its Audit Committee, review the integrity of the Corporation's internal controls and management information systems.
5. The Board will engage in a review of short and long-term performance of the Corporation in accordance with approved plans.
6. The officers of the Corporation, headed by the Chief Executive Officer, shall be responsible for general day-to-day management of the Corporation and for making recommendations to the Board with respect to long-term strategic, financial, organization and other related objectives.
7. The Board will annually review the significant risks and opportunities affecting the Corporation and its businesses and the systems and controls in place to manage and monitor risks and opportunities. The Board may impose such limits as may be in the interests of the Corporation and its shareholders.
8. The Board will oversee an annual strategic planning process within the Corporation and will approve the Corporation's strategic plan. This plan will take into account the opportunity and risks of the Corporation's business. The Board will also, from time to time, approve annual business plans and multi-year business plans for the Corporation and its businesses.

9. The Board will approve material capital expenditures or material dispositions or other material financial commitments.
10. The Board will monitor compliance with the Corporation's Code of Business Conduct and Ethics Policy and will be responsible for granting any waivers from compliance with the Code for directors and officers.
11. The Board will also consider and approve:
 - (a) Transactions outside the ordinary course of business;
 - (b) Special employment contracts, upon recommendation of the Human Resources and Compensation Committee;
 - (i) All matters that would be expected to have a major impact on shareholders;
 - (ii) The appointment of any person to any position that would qualify such person as an officer of the Corporation;
 - (iii) Any amendments to the Corporation's pension plans relating to governance structure and design of benefits.
12. The Board will also receive reports and consider:
 - (a) The quality of relationships between the Corporation and its key customers;
 - (b) Changes in the shareholder base of the Corporation from time to time and relationships between the Corporation and its significant shareholders;
 - (c) Periodic reports from Board committees with respect to matters considered by such committees;
 - (d) Health, safety and environmental matters as they affect the Corporation and its businesses.
13. The Board will oversee how the Corporation communicates its goals and objectives to its shareholders and other relevant constituencies, including the approval of policies relating to:
 - (a) How the Corporation interacts with analysts, investors, other key stakeholders and the public;
 - (b) Continuous disclosure obligations and selective disclosure. Such policies shall be reviewed annually.
14. The Board will review and approve the Corporation's management proxy circular and annual information form following review by the Corporate Governance and Nominating Committee.
15. The Board will review and approve the Corporation's annual audited consolidated financial statements, quarterly consolidated financial statements and management's discussion and analysis disclosure on recommendation of the Audit Committee.
16. The Board will consider and review the means by which shareholders can communicate with the Corporation including the opportunity to do so at the annual meeting, communications interfaces

through the Corporation 's website and the adequacy of resources available within the Corporation to respond to shareholders through the office of the Secretary and otherwise.

17. The Board has the responsibility for monitoring compliance by the Corporation with the corporate governance guidelines of the Toronto Stock Exchange. The Board will approve the disclosure of:

(a) The Corporation's system of governance;

(b) The operation of its system of governance prepared by the Corporate Governance and Nominating Committee.

Remuneration of the Directors

The Board of Directors will consider and approve the adequacy and form of the compensation of directors, upon recommendation of the Corporate Governance Committee, and ensure the compensation realistically reflects the responsibilities and time involved in being an effective director.

General

The Board will consider and approve such other matters as the Board may, from time to time, determine.