



## MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors (the “**Board**”) of High Arctic Energy Services Inc. (the “**Corporation**”) is responsible under corporate law to supervise the management of the business and affairs of the Corporation and its subsidiaries (collectively, “**High Arctic**”). The Board has the statutory authority and obligation to protect and enhance the assets of High Arctic.

The principal mandate of the Board is to oversee the management of the business and affairs of High Arctic, and monitor the performance of management.

In keeping with generally accepted corporate governance practices and the recommendations of the Dey Committee Report to the Toronto Stock Exchange in respect of “Guidelines for Improved Corporate Governance in Canada”, recommendations contained in National Policy 58-201 and recommendations and guidelines from the SEC and in connection with *the Sarbanes Oxley Act*, the Board assumes responsibility for the stewardship of High Arctic and, as part of the overall stewardship responsibility, explicitly assumes responsibility for the following:

### 1. **Independence**

The Board retains the responsibility for managing its own affairs including planning its composition, selecting its Chairman, appointing Board committees and determining directors’ compensation. While it is appropriate to confer with the management on the selection of candidates to be nominated as members of the Board, the ultimate selection shall be determined by the existing independent members of the Board.

In that, the Board must develop and voice objective judgment on corporate affairs, independently of the management, practices promoting Board independence will be pursued. This includes constituting the Board with a majority of independent and unrelated directors. Certain tasks suited to independent judgments will be delegated to specialized committees of the Board that are comprised exclusively of outside directors and at least a majority of unrelated directors.

The Board will evaluate its own performance in a continuing effort to improve. For this purpose, the Board will establish criteria for Board and Board member performance, and pursue a self-evaluation process for evaluating both overall Board performance and contributions of individual directors.

### 2. **Leadership in Corporate Strategy**

The Board ultimately has the responsibility to oversee the development and approval of the mission of High Arctic, its goals and objectives, and the strategy by which these objectives will be reached. In guiding the strategic choices of High Arctic, the Board must understand the inherent prospects and risks of such strategic choices.

While the leadership for the strategic planning process comes from the management of High Arctic, the Board shall bring objectivity and a breadth of judgment to the strategic planning process and will ultimately approve the strategy developed by management as it evolves.

The Board is responsible for monitoring management’s success in implementing the strategy and monitoring High Arctic’s progress to achieving its goals; revising and altering direction in light of changing circumstances.

The Board has the responsibility to ensure congruence between the strategic plan and management’s performance.

### 3. **Management of Risk**

The Board shall identify the principal risks of the business in which High Arctic is engaged, recognizing that business decisions require the incurrence of risk. The Board is responsible for providing a balance between risks incurred and the potential returns to shareholders of the Corporation. This requires that the Board

ensure that systems are in place to effectively monitor and manage risks with a view to the long-term viability of High Arctic and its assets, and conduct an annual review of the associated risks.

#### **4. Oversight of Senior Officers**

As the Board functions, the Board must ensure the execution of plans and operations are of the highest caliber. The key to the effective discharge of this responsibility is succession planning, the approval of the appointment of the senior officers of the Corporation and the assessment of each senior officer's contribution to the achievement of the Corporation's strategy. In this respect, performance against objectives established by the Board is important, as is a formal process for determining the senior officers' compensation, in part, by using established criteria and objectives for measuring performance.

The Board understands that a culture of integrity in its officers and employees is important to the success of the company and its shareholders. The Board will set and review the Policies and Standards of the company to support a culture of integrity.

#### **5. Shareholder Communications and Disclosure**

The Board is responsible to ensure that the Corporation has policies in place to ensure effective and timely communication and disclosure to the shareholders of the Corporation, other stakeholders and the public in general. This communication and disclosure policy must effectively and fairly present the operations of High Arctic to shareholders and should accommodate feedback from shareholders, which should be considered into future business decisions.

The Board has the responsibility for ensuring that the financial performance of High Arctic is reported to shareholders on a timely and regular basis and for ensuring that such financing results are reported fairly, in accordance with generally accepted accounting principles.

The Board has the responsibility for ensuring that procedures are in place to effect the timely reporting of any developments that have a significant and material impact on the value of shareholder assets.

The Board has the responsibility for reporting annually to shareholders on its stewardship for the preceding year.

#### **6. Integrity of Corporate Control and Management Information Systems**

To effectively discharge its duties, the Board shall ensure that High Arctic has in place effective control and information systems so that it can track those criteria needed to monitor the implementation of the High Arctic's strategy.

Similarly, in reviewing and approving financial information, the Board shall ensure that High Arctic has an audit system, which can inform the Board of the integrity of the data and compliance of the financial information with generally accepted accounting principles.

The Board's management of the important areas of corporate conduct, such as the commitment of High Arctic's assets to different businesses or material acquisitions, shall also be supported by effective control and information systems.

#### **7. Legal Requirements**

The Board is responsible for ensuring that routine legal requirements, documents, and records have been properly prepared, approved and maintained by High Arctic.

#### **8. Board Delegation to Committees**

The Board can delegate specific responsibilities to committees of the Board in order to effectively manage the affairs of High Arctic.

#### **9. Limitation**

The foregoing is 1. subject to and without limitation of the requirement that in exercising their powers and discharging their duties the members of the Board act honestly and in good faith with a view to the best interests of

the Corporation; and 2. subject to and not in expansion of the requirement that in exercising their powers and discharging their duties the members of the Board exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.