



## INTERNATIONAL BIO RECOVERY CORPORATION

### CHARTER OF THE BOARD OF DIRECTORS

#### 1. PURPOSE AND RESPONSIBILITY OF THE BOARD

By approving this Charter, the Board explicitly assumes responsibility for the stewardship of IBR and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of IBR's business and affairs.

#### 2. REVIEW OF CHARTER

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate, shall consider such amendments to this Charter as the Corporate Governance Committee of the Board shall recommend, and shall make such amendments to this as it considers necessary or appropriate.

### CONSTITUTION OF THE BOARD

#### 3. ELECTION AND REMOVAL OF DIRECTORS

##### 3.1 Number of Directors

The Board shall consist of such number of Directors as the shareholders (or the Board as authorized by the shareholders) may determine from time to time, within any range as may be set out in IBR's articles at such time.

##### 3.2 Election of Directors

Directors shall be elected by the shareholders annually for a one year term, but if Directors are not elected at any annual meeting, the incumbent Directors shall continue in office until their successors are elected.

##### 3.3 Vacancies

The Board may appoint a member to fill a vacancy which occurs in the Board between annual elections of Directors, to the extent permitted by the *Business Corporations Act* (British Columbia).

##### 3.4 Ceasing to be a Director

A Director will cease to hold office upon:

- (i) delivering a resignation in writing to IBR;
- (ii) being removed from office by an ordinary resolution of the shareholders;
- (iii) his or her death; or
- (iv) becoming disqualified from acting as a Director.

### 3.5 Deemed Resignation

A Director shall offer his or her resignation to IBR (which resignation may or may not be accepted) if that Director changes his or her principal occupation.

## 4. **CRITERIA FOR DIRECTORS**

### 4.1 Qualifications of Directors

Every Director shall be an individual who is at least 18 years of age, has not been determined by a court to be of unsound mind and does not have the status of bankrupt.

### 4.2 Independence of Directors

- (a) The composition of the Board shall comply with all statutory and regulatory requirements to which IBR is subject. Without limiting the generality of the foregoing, at least a majority of the Directors shall not be officers or employees of IBR.
- (b) At least a majority of the Directors shall be independent as "independence" is defined for the purposes of board composition under applicable regulatory and stock exchange requirements.

### 4.3 Other Criteria

The Board may establish other criteria for Directors as contemplated in this Charter.

## 5. **BOARD CHAIRMAN**

### 5.1 Chairman to Be Appointed Annually

The Board shall appoint the Chairman annually at the first meeting of the Board after a meeting of the members at which Directors are elected. If the Board does not so appoint a Chairman, the Director who is then serving as Chairman shall continue as Chairman until his or her successor is appointed.

## 6. **REMUNERATION OF DIRECTORS AND RETAINING ADVISORS**

### 6.1 Remuneration

Members of the Board and the Chairman shall receive such remuneration for their service on the Board as the Board may determine from time to time, in consultation with the Corporate Governance Committee of the Board.

### 6.2 Retaining and Compensating Advisors

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time as appropriate with the approval of the Chairman of the Corporate Governance Committee, which approval may not be unreasonably withheld or delayed.

## MEETINGS OF THE BOARD

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#### 7.1 Time and Place of Meetings

Meetings of the Board shall be called and held in the manner and at the location contemplated in IBR's articles.

#### 7.2 Frequency of Board Meetings

The Board shall meet at least four times per year on a quarterly basis.

#### 7.3 Quorum

In order to transact business at a meeting of the Board, at least a majority of Directors then in office shall be present.

#### 7.4 Secretary of the Meeting

The Chairman shall designate from time to time a person who may, but need not, be a member of the Board, to be Secretary of any meeting of the Board.

#### 7.5 Right to Vote

Each member of the Board shall have the right to vote on matters that come before the Board.

#### 7.6 Invitees

The Board may invite any of IBR's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

### 8. IN CAMERA SESSIONS

#### 8.1 *In Camera* Sessions of Non-Management Directors

The Directors may meet without any member of management being present (including any Director who is a member of management).

#### 8.2 *In Camera* Sessions of Independent Directors

The independent Directors may meet without any member of management or any non-independent Director being present.

## **DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD**

### **9. DELEGATION AND RELIANCE**

#### **9.1 Delegation to Committees**

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind IBR, except to the extent that such authority has been expressly delegated to such committee by the Board.

#### **9.2 Requirement for Certain Committees**

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate:

- (a) Audit Committee;
- (b) Corporate Governance Committee;
- (c) Human Resources Committee

#### **9.3 Composition of Committees**

The Board will appoint and maintain in office, members of each of its committees such that the composition of each such committee is in compliance with listing requirements of the Stock Exchanges and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate and shall require the Corporate Governance Committee to make recommendations to it with respect to such matters.

#### **9.4 Review of Charters**

On an annual basis, the Board will review the recommendations of the Corporate Governance Committee with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

#### **9.5 Delegation to Management**

Subject to IBR's articles and by-laws, the Board may designate the offices of IBR, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of IBR, except to the extent that such delegation is prohibited under the *Business Corporations Act* (British Columbia) or limited by the articles or by-laws of IBR or by any resolution of the Board or policy of IBR.

#### **9.6 Limitations on Management Authority**

The following matters shall require the approval of the Board (or the approval of a committee to which it has delegated authority with respect to such matters):

- (a) all decisions which are outside of the ordinary course of IBR's business (including, without limitation, litigation strategies, major financings, acquisitions, and dispositions);
- (b) any expenditure above an amount specified by the Board from time to time;
- (c) appointment of officers; and
- (d) such other matters as the Board may determine from time to time.

#### 9.7 Reliance on Management

The Board is entitled to rely in good faith on the information and advice provided to it by IBR's management.

#### 9.8 Reliance on Others

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

#### 9.9 Oversight

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

### **DUTIES AND RESPONSIBILITIES**

#### 10. **DUTIES OF INDIVIDUAL DIRECTORS**

##### 10.1 Fiduciary Duty and Duty of Care

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

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

##### 10.2 Compliance with *Business Corporations Act* (British Columbia) and Constatng Documents

A Director shall comply with the *Business Corporations Act* (British Columbia) and the regulations to the *Business Corporations Act* (British Columbia) as well as with IBR's articles and by-laws.

##### 10.3 Compliance with IBR's Policies

A Director shall comply with all policies of IBR applicable to members of the Board as approved by the Board.

#### 11. **RESPONSIBILITIES OF DIRECTORS**

##### 11.1 Responsibilities Set out in Charter

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge the duties and responsibilities set out in accordance with the Charter.

## 11.2 Orientation and Education

A Director shall participate in the orientation and continuing education programs developed by IBR for the Directors.

## 11.3 Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

- (a) review thoroughly the material provided to the Director in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director; and
- (b) attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video-conference).

## 11.4 Assessment

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

## 11.5 Other Responsibilities

A Director shall perform such other functions as may be reasonably delegated to that Director by the Board or any committee of the Board from time to time.

## 12. **BOARD RESPONSIBILITY FOR SPECIFIC MATTERS**

### 12.1 Responsibility for Specific Matters

The Board explicitly assumes responsibility for the matters set out in Section 15 of this Charter, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the Stock Exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage or supervise the management of IBR's business and affairs.

### 12.2 Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

## 13. **CORPORATE GOVERNANCE GENERALLY**

### 13.1 Governance Practices and Principles

The Board shall be responsible for developing IBR's approach to corporate governance.

### 13.2 Governance Disclosure

The Board shall approve disclosure about IBR's governance practices in any document before it is delivered to IBR's shareholders or filed with securities regulators or with the Stock Exchanges.

### 13.3 Certification

The Board shall review and approve before it is filed, each certification required to be delivered by IBR's CEO and/or CFO to the Stock Exchanges with respect to IBR's compliance with its listing agreement or with respect to non-violation of applicable corporate governance listing standards.

### 13.4 Delegation to Governance Committee

The Board may direct the Corporate Governance Committee to consider the matters contemplated in this and to report and make recommendations to the Board with respect to these matters.

## 14. **RESPONSIBILITIES RELATING TO MANAGEMENT**

### 14.1 Integrity of Management

The Board shall, to the extent feasible, satisfy itself:

- (a) as to the integrity of the CEO and other senior officers; and
- (b) that the CEO and other senior officers create a culture of integrity throughout the organization.

### 14.2 Succession Planning

The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

### 14.3 Executive Compensation Policy

The Board shall receive recommendations of the Human Resources Committee and make such determinations as it considers appropriate with respect to:

- (a) CEO's compensation level;
- (b) non-CEO officer compensation;
- (c) incentive-compensation plans

## 15. **OVERSIGHT OF THE OPERATION OF THE BUSINESS**

### 15.1 Risk Management

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of IBR's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

### 15.2 Strategic Planning Process

The Board shall adopt a strategic planning process and shall approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of IBR's business.

### 15.3 Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit Committee concerning the integrity of IBR's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee) to implement changes to such systems to ensure integrity of such systems.

### 15.4 Communications Policy and Feedback Process

- (a) The Board shall review and, if determined appropriate, approve a communication policy for IBR for communicating with shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Board shall consider, among other things, the recommendations of management and the Corporate Governance Committee with respect to this policy.
- (b) The Board shall establish a process pursuant to which the Board can receive feedback from security holders.

### 15.5 Financial Statements

- (a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of IBR's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.
- (b) The Board shall review the recommendation of the Audit Committee with respect to the quarterly and annual financial statements of IBR to be delivered to shareholders. If appropriate, the Board shall approve such financial statements.

### 15.6 Capital Management

The Board shall receive regular reports from management on the structure and management of IBR's capital.

### 15.7 Business Ethics

- (a) Code of Ethics and Conduct. The Board will review and approve a Code of Ethics and Conduct for IBR. In adopting this code, the Board will consider the recommendations of the Corporate Governance Committee concerning its compliance with applicable legal and Stock Exchange listing requirements and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate.
- (b) Compliance and Disclosure. The Board will direct the Audit Committee to monitor compliance with the Code of Ethics and Conduct and recommend disclosures with respect thereto. The Board will consider any report of the Audit Committee concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Ethics and Conduct and of any waiver granted to a Director or senior officer of IBR from complying with the Code of Ethics and Conduct.

16. **NOMINATION OF DIRECTORS**

16.1 **Nomination and Appointment of Directors**

- (a) The Board shall nominate individuals for election as Directors by the shareholders and shall require the Corporate Governance Committee to make recommendations to it with respect to such nominations.
- (b) The Board shall adopt a process recommended to it by the Corporate Governance Committee pursuant to which the Board shall:
  - (i) consider what competencies and skills the Board, as a whole, should possess; and
  - (ii) assess what competencies and skills each existing Director possesses.

17. **BOARD EFFECTIVENESS**

17.1 **Position Descriptions**

The Board shall review and, if determined appropriate, approve the recommendations of the Corporate Governance Committee concerning formal position descriptions for:

- (a) the Chairman of the Board; and
- (b) the CEO.

17.2 **Director Orientation and Continuing Education**

The Board shall review and, if determined appropriate, approve the recommendations of the Corporate Governance Committee concerning:

- (a) a comprehensive orientation program for new Directors; and
- (b) a continuing education program for all Directors.

17.3 **Board, Committee and Director Assessments**

The Board shall review and, if determined appropriate, adopt a process recommended by the Corporate Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

17.4 **Annual Assessment of the Board**

Each year, the Board shall assess its performance and effectiveness in accordance with the process established by the Corporate Governance Committee.

## **SCHEDULE "A"**

### **DEFINITIONS**

In this Charter:

- (a) "Board" means the Board of Directors of IBR;
- (b) "CEO" means IBR's Chief Executive Officer;
- (c) "Chairman" means the Chairman of the Board;
- (d) "Charter" means this charter, as amended from time to time;
- (e) "Director" means a member of the Board;
- (f) "IBR" means International Bio Recovery Corporation.; and
- (g) "Stock Exchanges" means, at any time, any stock exchange on which any securities of IBR are listed for trading at the applicable time.