

ENMAX CORPORATION

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

A. PURPOSE

The principal role of the Board of Directors is the stewardship of the Corporation. The Board's fundamental objective is the creation of Shareholder value, including the protection and enhancement of the value of the Corporation's assets. The Board oversees the conduct of the business and supervises management, which is responsible for the day-to-day conduct of the business. The Board must assess and ensure that systems are in place to manage the risks of the Corporation's business with the objective of preserving the Corporation's assets. The Board, with the involvement of the chief executive officer ("CEO"), must establish the strategic direction, vision, mission, values and long term goals for the Company. In its supervisory role, the Board, through the CEO, sets the attitude and the disposition of the Corporation towards compliance with applicable laws, environmental, safety and health policies, financial practices and reporting. In addition to its primary accountability to the Shareholder, the Board and the CEO, are also accountable to government authorities, employees and the public. In exercising its responsibilities, the Board of Directors is committed to best governance practices.

B. PROCEDURE AND ORGANIZATION

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting Committees of the full Board, appointing Committee Chairs, recommending Director compensation, and making recommendations on the adoption, amendment and repeal of by-laws.

C. DUTIES AND RESPONSIBILITIES

1. Legal Requirements

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the statutory responsibility to:
 - (i) manage the business and affairs of the Corporation;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the Alberta Business Corporations Act ("the Act") and the regulations thereto, the Corporations' Articles and By-Laws, and other relevant legislation and regulations;
- (c) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a Committee of the Board:
 - (i) any submission to the Shareholder of a question or matter requiring the approval of the Shareholder;
 - (ii) the issuance of securities except in a manner and on terms already authorized;
 - (iii) the declaration of dividends;
 - (iv) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - (v) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
 - (vi) the approval of management proxy circulars;
 - (vii) the approval of any financial statements of the Corporation to be put before the Shareholder at an annual meeting referred to in The Act.

2. Strategy Determination

The Board must ensure that there are long term goals and a strategic planning process in place. The Board, with the involvement of the CEO, must establish the strategic direction, vision, mission, values and long term goals for the Company. The CEO formulates the Corporation's strategy, policies and proposed actions and presents them in draft to the Board for approval. The Board brings objectivity and judgement to this process. The Board ultimately approves the strategy.

3. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to the Shareholder, and to ensure that there are systems in place which effectively identify, classify, monitor, manage and report those risks with a view to the long-term viability and growth of the Corporation. These risks span the Corporation's entire business and should include not only strategic, financial and environmental risks but also risks to human resources, information systems and physical assets.

4. Appointment, Training and Monitoring Executive

The Board has the responsibility:

- (a) to appoint the CEO, to monitor and assess CEO performance, to determine CEO compensation, and to provide advice and counsel in the execution of the CEO's duties;
- (b) to approve the appointment and remuneration of the CEO and the CEO's direct reports; and
- (c) to ensure that adequate provision has been made to train and develop management and for the orderly succession of management.

5. Policies, Procedures and Compliance

The Board has the responsibility:

- (a) to ensure that the Corporation is operated at all times within applicable laws, regulations and regulatory requirements and to the highest ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (c) to ensure the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (d) to ensure the Corporation has a high regard for the health and safety of its employees in the workplace and has in place appropriate programs and policies;
- (e) to identify and assess Public Affairs issues that impact significantly on the Corporation; and
- (f) to review significant legislative initiatives and public policy trends and assess the legal consequences thereof for the Corporation's directors and officers.

6. Reporting and Communication

The Board has the responsibility:

- (a) to ensure the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its Shareholder, other stakeholders and the public generally;
- (b) to ensure that the financial performance of the Corporation is adequately reported to the Shareholder, other security holders, and regulators on a timely and regular basis;
- (c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- (d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and

- (e) to report semi-annually to the Shareholder on its stewardship of the affairs of the Corporation for the preceding period.

7. Monitoring and Acting

The Board has the responsibility:

- (a) to monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) to take action when performance falls short of its goals and objectives or when other special circumstances warrant; and
- (c) to ensure that the Corporation has implemented adequate internal controls and management information systems which ensure the effective discharge of its responsibilities.