

FOREST GATE RESOURCES INC.

**BOARD OF DIRECTORS
MANDATE**

A. CORPORATE GOVERNANCE PRACTICES

The Board is responsible for the stewardship of the Company.

In executing this role, the Board shall oversee the conduct, direction and results of the business. As part of that process the Board ensures that:

1. The Company has established long term goals, and a strategic and business planning process;
2. The principal risks of the Company's business are identified and appropriate systems are implemented to manage those risks;
3. There is an adequate process for training, monitoring and succession planning of senior management;
4. The Company has a communications policy which reflects the principles of timely, accurate and efficient disclosure of information to all shareholders; and
5. The Company's internal controls and management information systems have sufficient integrity.

B. INDEPENDENCE AND COMPOSITION OF THE BOARD

The Board shall be composed of both inside (management) and unrelated outside (independent) directors.

The Board shall be relatively small in size, but large enough to enable its members to effectively and responsibly discharge their responsibilities. These responsibilities and accordingly the size of the Board will evolve over time.

A majority of Board members will be independent directors.

The Chairman of the Board is independent of Management and otherwise unrelated to the Company or major shareholders.

C. SEPARATION OF BOARD AND MANAGEMENT

The positions of Chairman and President and CEO are separated and the Role and Responsibility Statements are established for each.

The Chairman of the Board is specifically charged with the responsibility of leading and managing the Board in discharging its responsibilities including setting Board agendas and acting as the Board's spokesman to Management.

D. COMMITTEES OF THE BOARD

The Board discharges its stewardship responsibilities in part through two committees of the Board, namely the Corporate Governance Committee and the Audit Committee. Details of committee roles are included in the committee mandates.

Committee chairmen shall be appointed by the Board of Directors and shall be independent of Management.

Committees do not have decision-making authority but the responsibility to make recommendations to the full Board, which retains all decision-making authority.

The Chairman of the Board shall be an ex-officio member of all committees.

E. DECISIONS REQUIRING THE PRIOR APPROVAL OF THE BOARD

The Board discharges its stewardship responsibilities through its committees and by delegation to management. Without limiting the Board's ultimate overall authority in all matters, the Board will grant final approval with respect to:

- Strategic and annual business operating and capital plans;
- Any material contracts, acquisitions or dispositions of the Company's assets;
- The hiring, performance evaluation and succession plans for the CEO and approval of recommendations by the CEO in regards to these issues for the senior executives;
- The Company's debt, major financing and dividend policies; and
- Certain expenditures exceeding specified limits.

F. BOARD EXPECTATIONS OF MANAGEMENT

The Board delegates to Management through the President and CEO responsibility for developing, recommending to the Board and implementing Board approved strategic and annual business operating and capital plans. Management is held accountable via specific corporate and individual objectives established annually.

G. FREQUENCY AND CONDUCT OF MEETINGS

The Board will normally meet quarterly to review the interim financial statements and management discussion and analysis and once per year for an annual planning session and for the AGM. The Board may be called to meet to discuss specific items at the call of the Chairman, the CEO or a quorum of the Board.

All Board meetings will include an in-camera session as a routine agenda item.

All Board agendas will be approved by the Chairman of the Board.

Meetings may be conducted with members present, or by video or conference call.

CORPORATE GOVERNANCE COMMITTEE

MANDATE

A. OVERVIEW AND PURPOSE

The Corporate Governance Committee is responsible to the Board for ensuring that an appropriate corporate governance system is in place for the Board's overall stewardship responsibility and the discharge of its obligations to the shareholders of the Company. The Committee is also responsible for senior management performance evaluation, compensation and succession planning; Board nominations, evaluation and compensation and Director Orientation and education.

B. MEMBERSHIP AND ATTENDANCE AT MEETINGS

- The Committee shall be comprised of three independent directors, taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchanges.
- A majority of committee members will constitute a quorum and decisions will be determined by a (simple) majority of votes cast without the Committee Chair having a casting vote in the event of a tied vote.
- Attendance at all or a portion of Committee meetings is determined by the Committee and would normally include the CEO.
- The Committee shall meet at least twice annually or more frequently as circumstances dictate.

C. DUTIES AND RESPONSIBILITIES

Corporate Governance Practices

1. To review and make recommendations to the Board as required on significant corporate governance issues relating to functional and operational matters pertaining to the Board, including but not limited to: monitoring, reviewing and updating the ongoing development and maintenance of the Company's approach to corporate governance issues, including the statement of corporate governance guidelines.
2. Ensure that each Board Committee annually reviews its scope, duties and responsibilities and recommends to the Board amendments thereto, where advisable.
3. At least annually, or as required, to review and recommend to the Board for approval, the need, composition, Chairmen and members of Board committees, with a view that Board committees be generally composed of unrelated directors and that committee membership should be periodically rotated.
4. To ensure the development of position descriptions for the Board, including the Mandate of The Board of Directors, the Chairman of the Board and the CEO, and to review and update such descriptions periodically for the review and approval of the Board.

Senior Management performance evaluation, compensation and succession planning

1. Recommend to the Board the objectives, performance and compensation of the President and CEO.
2. Review the CEO's annual assessment and compensation recommendations for senior executives.
3. Review the appointment of and providing proper development of senior management
4. Manage the Succession Plan for the CEO and Review the CEO's Succession Plan for Senior Management.
5. Review the appointment of and provide proper development of senior management.
6. To lead the process, when and as required, to identify a candidate for appointment to the office of CEO.
7. Review annually the Company's compensation policies, including base pay, incentive, pension and benefit plans.

Board Nominations

1. Develop and recommend to the Board criteria for the selection of new Directors, periodically review the criteria adopted by the Board and recommend changes to such criteria.
2. The Committee shall consult with the Chief Executive Officer in its process of recruiting new directors.
3. The Chair is responsible for approaching Board candidates.
4. Candidates meet with the Chair and the CEO prior to nomination or appointment to review expected contributions and commitment requirements.
5. Invitations to join the Board shall be made by the Chairman of the Board.

Board Evaluation and Compensation

1. To conduct an annual evaluation of the Board, the Committees and individual members of the Board and to report on such assessment to the full Board.
2. To annually review the adequacy and form of compensation of the directors to ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director and make appropriate recommendations to the Board for approval.

Director Education and Orientation

1. Develop and maintain an education program for all Directors, including a detailed orientation program for new Directors.

General

1. To recommend to the Board, when and as required, a candidate for appointment to the office of Chairman of the Board.
2. To review and approve, if appropriate, the request of individual directors to engage outside advisors at the expense of the Company.
3. To manage the Share Option Plan for the Company.
4. To consider any other matter which, in the opinion of the Committee or at the request of the Board, would assist the directors to meet their responsibilities.

D. COMMITTEE CHAIR

1. The fundamental responsibility of the Committee Chair is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the Board. To that end, the Committee Chair's responsibilities shall include:
 - (a) Working with the Chairman of the Board and the Chief Executive Officer to establish the frequency of Committee meetings and the agendas for meetings;
 - (b) Providing leadership to the Committee and presiding over Committee meetings;
 - (c) Facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
 - (d) Reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;
 - (e) Leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
 - (f) Taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

E. POWERS

1. Governance Committee members and the Chair of the Committee shall be appointed by and serve at the pleasure of the Board.
2. The Committee has direct access to any records of the Company and its subsidiaries, to any employee of the organization.
3. The Committee has the authority to initiate and conduct any investigation appropriate to fulfilling its responsibilities and retain independent counsel and other advisors for that purpose.

F. MEETINGS

1. The time and place of the meetings of the Committee, the calling of the meetings and the procedure in all things at such meetings shall be determined by the Committee unless otherwise determined by the by-laws of the Company or by resolution of the Board.

FOREST GATE RESOURCES INC.

AUDIT COMMITTEE MANDATE

A. OVERVIEW AND PURPOSE

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary responsibilities are to:

1. Monitor the Company's compliance with accounting, stock exchange and securities commission regulations and the integrity of its financial reporting process(es) and system(s) of internal and disclosure controls.
2. Ensure the independence and performance of the external auditors and oversee the development of internal auditing and control policies and capabilities.
3. Review the key risks to the integrity of the Company's financial reporting and management of cash and indebtedness and evaluate the effectiveness of measures taken to manage such risk.

B. MEMBERSHIP AND ATTENDANCE AT MEETINGS

1. The Committee shall be comprised of three independent directors, taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchanges.
2. All Committee Members shall be financially literate and at least one of whom shall have accounting or related experience.
3. A majority of committee members will constitute a quorum and decisions will be determined by a (simple) majority of votes cast without the Committee Chair having a casting vote in the event of a tied vote.
4. Attendance at all or a portion of Committee meetings is determined by the Committee and would normally include the CFO and the external auditors and on occasion the CEO.
5. The Committee shall meet at least four times annually, or more frequently as circumstances dictate.
6. The Committee Chair will ensure that an agenda is prepared in consultation with management and the external auditors in advance of each meeting and that minutes of each meeting are taken and copied to the Committee members, the Board and CFO.
7. The Committee shall meet privately with the external auditors and management (separately) at least annually.

C. DUTIES AND RESPONSIBILITIES

Financial Reporting

1. Review the interim and annual financial statements and related reports including the management discussion and analysis, news releases, earnings guidance or other disclosures based on the Company's financial statements and make recommendations to the Board regarding their approval prior to public disclosure. Such reviews will include:

- Consideration of the appropriateness of the Company's significant accounting policies and principles and any proposed changes to them and make recommendations to the Board regarding their approval. Review annually with management and the external auditors any emerging financial reporting issues and the possible future impact of them on the financial statements.
 - The existence and substance of significant provisions, accruals, management estimates and accounting judgements.
 - Any unusual or extraordinary events that may have a material effect on the financial statements, transactions with related parties and the adequacy of disclosures.
 - Review any ongoing or anticipated litigation, claim or other contingency, including income tax status and related reserves and any qualifications contained in letters of representation.
 - Assurances of compliance with covenants in trust deeds or loan agreements.
 - The evaluation and quantification of the principal business risks, uncertainties, commitments and contingent liabilities, including the Company's related policies, control procedures and financing options.
 - The Company's financial risk management policies and practices relating to cash and indebtedness, including any off-balance sheet transactions.
 - Explanations for significant financial variances between years.
2. Review the Annual Information Form (AIF), Prospectuses, other offering memoranda and any other published document, focusing on any financial information contained in them, and make recommendations to the Board regarding their approval.
 3. Assessment of the adequacy of procedures for management's and the external auditors' review of any public disclosure of financial information contained in, extracted or derived from the financial statements.
 4. Review and discuss with management and the external auditors any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies, principles or practices.

Internal controls

1. Review with management and the external auditors the key risks to the integrity of the Company's financial reporting and the quality of internal controls to ensure that management maintains an appropriate process to identify, evaluate the impact of and implement effective techniques to proactively manage such risks.
2. At the conclusion of the external audit of the annual accounts, review any comments and internal audit recommendations in the audit report and management's responses.
3. Obtain the external auditors' judgements about the quality, not just the acceptability, of the Company's accounting policies, principles and practices.
4. Review management's plans and monitor progress in implementing formal internal audit and control policies for the Company.
5. Review the quality and accuracy of computerized accounting systems, the adequacy of the protection against damage and disruption and the security of confidential information.

External Auditors

The external auditors are accountable to the Audit Committee, acting on behalf of the Board of Directors, as representatives of the shareholders. The Audit Committee is responsible for overseeing the external audit process:

1. Review and approve the external audit plan, including its scope, staffing, locations, reliance on management and internal audit work and auditing methods.
2. Monitor the performance of and recommend annually to the Board of Directors including, if necessary, the selection of the external auditors to be nominated for appointment at the Annual Meeting of Shareholders.
3. Review and recommend to the Board the basis and amount of external audit fees required to conduct the external audit and provide related services.
4. Review and approve the Company's arrangements for and any changes to specific categories of permitted audit-related and non-audit-related services from the external auditors after considering the possible impact of such services on external auditor independence.
5. Review and approve the Company's policies regarding the hiring of current and former partners and employees of the Company's present and former external auditors.

Policy, Legal and Security

The Audit committee is also responsible for the following related matters:

1. At least annually and before any significant new financing, assessment of the Company's capital structure in terms of its level of indebtedness, debt structure, including covenants, credit availability, duration and key expiry dates
2. Review of the Company's insurance policies, including directors' and officers' liability coverage, together with any resulting recommendations to the Board
3. Review incidents of internal fraud and other illegal acts and monitor the progress of any related investigations.
4. The Audit Committee is responsible for ensuring the establishment and management of a "Whistleblower" Policy for:
 - The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
 - The confidential, anonymous submission by employees of concerns about questionable accounting or auditing matters.
5. Annually review the directors', officers' and senior executives' expenses, including the use of Company assets and any loans made by the Company to its directors, officers, employees and consultants, and their compliance with Company policies.
6. Review the Company's programs for safeguarding physical assets, intellectual property and management information systems.
7. Following each meeting, the Committee Chair will report to the Board on the major discussions and decisions made by the Committee.
8. At least annually, the Committee will review, and amend if required, the Audit Committee Mandate and recommend such changes to the Board for approval.

D. COMMITTEE CHAIR

1. The fundamental responsibility of the Committee Chair is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the Board. To that end, the Committee Chair's responsibilities shall include:
 - (a) Working with the Chairman of the Board and the Chief Executive Officer to establish the frequency of Committee meetings and the agendas for meetings;
 - (b) Providing leadership to the Committee and presiding over Committee meetings;
 - (c) Facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
 - (d) Reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;
 - (e) Leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
 - (f) Taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

E. POWERS

1. Audit Committee members and the Chair of the Committee shall be appointed by and serve at the pleasure of the Board.
2. The Committee has direct access to any records of the Company and its subsidiaries, to any employee of the organisation and the external auditors.
3. The Committee has the authority to initiate and conduct any investigation appropriate to fulfilling its responsibilities and retain independent counsel and other advisors for that purpose.

F. MEETINGS

1. The time and place of the meetings of the Committee, the calling of the meetings and the procedure in all things at such meetings shall be determined by the Committee unless otherwise determined by the by-laws of the Company or by resolution of the Board.