

SCHEDULE D

CORPORATE GOVERNANCE

Corporate Governance Disclosure Required under NI 58-101

Comments

1. Board of Directors

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| <p>(a) Disclose the identity of directors who are independent.</p> | <p>The Board has determined that three of the four directors are "independent" within the meaning of NI 58-101. The three independent directors are Terry Holland, Mike Cardiff and John Kelly.</p> |
| <p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p> | <p>Jim Yeates is not considered "independent" under NI 58-101 since he is Chairman and Chief Executive Officer.</p> |
| <p>(c) Disclose whether or not a majority of the directors are independent. If a majority is not independent, describe what the board does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p> | <p>The Board has determined that three of the four directors are independent. The Corporation has adopted governance guidelines consistent with NP 58-201, which provide, among other things, that a majority of the board must be independent directors.</p> |
| <p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p> | <p>The following directors currently serve on the board of directors of the following reporting issuers:
<i>Terry Holland</i> – Bridges Transition Inc., Ondine Biopharma Corp, Integrated Paving Concepts Inc. and Hardwoods Distribution Income Fund;
<i>John Kelly</i> - ACE/Security Laminates Corporation and Thermal Energy International Inc.</p> |
| <p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of such meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p> | <p>The Board has nominated Terry Holland, an independent director under applicable securities laws, as the Lead Director of Burntsand. In accordance with the written mandate of the Board, the independent directors of the Board will regularly hold <i>in camera</i> sessions of the Board without non-independent members of the Board in attendance. The Audit and Corporate Governance Committee and the Compensation Committee of the Board are composed entirely of independent directors.</p> |

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- (f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director and describe his role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.
- Jim Yeates, the Chairman and Chief Executive Officer, is not an independent director. The Board has nominated Terry Holland as the Lead Director of Burntsand. The Corporation has adopted a written position description for the Chairman in accordance with the guidelines set out in NP 58-201 and a written position description for the Lead Director. The Lead Director acts as the effective leader of the Board. The role and responsibilities of the Lead Director include the following:
- be satisfied that the Board is alert to its obligations to the Corporation and to its shareholders;
 - approve agendas for Board meetings after being satisfied such agenda enables the Board to successfully carry out its duties;
 - maintain a liaison and communication with all members of the Board and the committee chairs to co-ordinate input from all members of the Board, and optimize the effectiveness of the Board and its committees;
 - be satisfied that the Board receives adequate and regular updates from the Chairman on all issues important to the welfare and future of the Corporation;
 - in collaboration with the Chairman, be satisfied that information requested by members of the Board or committees of the Board is provided and meets their needs;
 - review conflict of interest issues with respect to members of the Board as they arise; and
 - chair *in camera* meetings of the Board, without management present, at every Board meeting when requested by the other independent Board members.
- (g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.
- The attendance record for each director for all board and committee meetings held since the beginning of the year ended December 31, 2005 is set out in the Information Circular under the heading "Record of Attendance By Directors In 2005".

2. Mandate of the Board of Directors

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its roles and responsibilities.

The Board has responsibility for the stewardship of the Corporation and for overseeing the operation of the business of the Corporation. A copy of the Charter of the Board of Directors is attached as Schedule E to this Information Circular.

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3. Position Descriptions

- (a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.
- The Board has developed a written position description for the Chairman and Lead Director. The position description for the Lead Director is set out in Section 1(f) of this Schedule D. The Board has developed separate written position descriptions for the chair of all board committees. In addition, the Board has adopted written mandates for each of the Audit and Corporate Governance Committee and Compensation Committee.
- Each of the written mandates provides that the chair will preside as chairman at each committee meeting and will lead the committee discussion on meeting agenda items.
- (b) Disclose whether or not the board and the CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.
- The Board has developed a written position description for the Chief Executive Officer. The role and responsibilities of the Chief Executive Officer include the following:
- maintaining a high level of integrity and assisting in creating a culture of integrity throughout the Corporation;
 - working with the Board to determine the strategic direction of the Corporation; leading and assisting the Board in developing short-term and long-term plans and objectives to achieve the strategies of the Corporation;
 - from time to time, determining with the Board, the budgets of the Corporation and the Board's expectations of the Chief Executive Officer;
 - undertaking the day-to-day management and operation of the Corporation and providing leadership to achieve the objectives of the Corporation;
 - steward the Corporation's expenditures within approved budgets;
 - developing senior management succession and development plans and reporting to the Board at least annually on such plans including recommending candidates for appointment as officers and senior management of the Corporation to the Board;
 - ensuring appropriate policies and procedures of the Corporation are developed, maintained and disclosed;
 - providing appropriate certifications regarding the Corporation and its activities, as may be required from time to time;
 - ensuring that procedures are in place for appropriate communication to all stakeholders regarding the Corporation's activities and objectives; and
 - complying with all stock exchange, regulatory and statutory requirements.

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4. Orientation and Continuing Education

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| <p>(a) Briefly describe what measures the board takes to orient new directors regarding:</p> <ul style="list-style-type: none">(i) the role of the board, its committees and its directors, and(ii) the nature and operation of the issuer's business. <p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p> | <p>Due to the small size of the Board, the group as a whole is mandated to oversee an orientation and education program for new directors and to provide ongoing educational opportunities for all directors. The objectives of such programs are to ensure that new directors fully understand (i) the role of the Board and its committees, (ii) the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors) and (iii) the nature and operation of the Corporation's affairs.</p> <p>The Board does not have a formal continuing education program. The Board receives information from industry, regulatory and other sources on an ad hoc basis. The board members personally monitor ongoing developments through personal contacts and other Board members. All new directors will be provided with a baseline of knowledge about the Corporation and its subsidiaries as deemed appropriate.</p> |
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5. Ethical Business Conduct

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| <p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none">(i) disclose how a person or company can obtain a copy of the code;(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code. | <p>The Board has adopted a written Code of Business Conduct. A summary of the Code is set forth in the Information Circular under the heading "Corporate Governance".</p> <p>A copy of the Code of Business Conduct has been filed on and is available through SEDAR at www.sedar.com.</p> <p>The Corporation expects that its directors, officers, employees and consultants will adhere to the highest ethical standards in all of the Corporation's business activities. The Corporation's directors, officers, employees and consultants are expected to deal fairly with security holders, customers, suppliers and competitors. The Board and management of the Corporation monitor compliance with the Code. All directors, officers, employees and consultants are encouraged to report violations of the Code in accordance with the procedures set forth in the Corporation's whistleblower policy, which provides for the prompt reporting of any violations to an employee's supervisor, or alternatively, to any senior officer or director.</p> <p>No material change reports have been filed since the beginning of the Corporation's most recently completed financial year that pertain to any conduct of a director or executive officer that constitutes a departure from the Code of Business Conduct.</p> |
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- (b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. Each director must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest. In addition, the director must excuse himself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest.
- (c) Describe any other steps the board has taken to encourage and promote a culture of ethical business conduct. The Board has reviewed and approved a disclosure policy for the Corporation, in order to promote consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation.
- The Board has also reviewed and approved a whistleblower policy, to promote, among other things, the disclosure and reporting of any questionable accounting or auditing matters, fraudulent or misleading financial information, and violations of the Code of Business Conduct.

6. Nomination of Directors

- (a) Describe the process by which the board identifies new candidates for board nomination. The Board as a whole determines the competencies and skills the Board considers necessary for the Board, as a whole, to possess, as well as the skills the Board considers each existing director possesses. The Board will then identify potential Board members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity, which assessment will include a consideration of diversity, age, skills, competencies and experience in the context of the needs of the Board. Individual Directors make recommendations to the Board with respect to nominees for election at the next annual meeting of shareholders or to be appointed to fill vacancies between annual meetings of the shareholders and will, through the Chairman, approach nominees to ascertain their willingness to serve as a member of the Board.
- (b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process. The Audit and Corporate Governance Committee has, as part of its mandate, the responsibility to establish criteria for election and re-election the directors and thereby manages the director nomination process. The Audit and Corporate Governance Committee Board is composed entirely of independent directors.
- (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee. One of the Board's functions is to recommend to the Board new candidates for election to the Board. The Board also reviews the comprehensive orientation and training of new and existing directors. The Board has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.

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7. Compensation

- (a) Describe the process by which the board determines the compensation for the issuer's directors and officers. The Board has established a Compensation Committee. The process and guidelines for determining compensation for directors and officers is set forth in the written mandate of the Compensation Committee.
- (b) Disclosure whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation. The Compensation Committee is composed of three directors, each of whom is independent.
- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee. The Committee's primary functions are to: (i) assist the Board in fulfilling its oversight responsibilities with respect to human resources policies and executive compensation matters; and (ii) review the compensation of officers and directors and the overall compensation policies of the Corporation.

The Committee will review and recommend for approval by the Board the executive compensation philosophy and remuneration policy for the Corporation and will:

- review and approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer;
- evaluate the Chief Executive Officer's performance in light of the previously established corporate goals and objectives; and
- recommend to the Board the Chief Executive Officer's compensation package based on their evaluation of his performance.

In addition, the Committee will review annually and recommend to the Board the annual compensation package and performance objectives of the other executive officers. With respect to the compensation of directors, the Committee will review the adequacy and form of the compensation of directors periodically to determine if the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly.

The Committee will also determine and recommend to the Board the annual bonuses to be paid and will review the grants of options to purchase Common Shares of the Corporation.

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(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No compensation consultant or advisor has been retained to assist in determining compensation for any of the officers or directors of the Corporation.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Corporation has established a Disclosure Committee comprised of the Chief Financial Officer / Chief Operating Officer, all regional leaders and the Finance Manager. The Disclosure Committee's primary responsibilities are to oversee the Corporation's disclosure practices and to ensure the Corporation meets all regulatory disclosure requirements. Additional information on the Corporation's committees is set out under the heading "Corporate Governance" in the Information Circular.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If the assessments are not regularly conducted, described how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Board is responsible for ensuring that there is a process in place for annually evaluating the effectiveness and contribution of the Board, the committees of the Board and the individual directors based on their applicable terms of reference or position description. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. In addition to any other matters the Board deems relevant, the assessments will consider in the case of the board or a committee, the applicable terms of reference, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board.