

 Empire Industries Ltd.	BD 1		Board Mandate	
	Issued and Approved By:		Board of Directors	
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The Board of Directors of Empire Industries Ltd. (the “Board”) is elected by the Corporation’s shareholders to supervise the management of the business and affairs of the Corporation pursuant to the powers vested in its articles and by-laws, and in accordance with the obligations under regulatory and public law.

Within its stewardship responsibility the Board is to preserve and enhance the viability of the Corporation and to ensure that it is managed in the interests of the shareholders as a whole in conformity with the law and legitimate interests of other stakeholders.

The Board delegates the responsibility for the day-to-day conduct of business to the management of the Corporation, through its Chief Executive Officer (“CEO”), within a policy framework established by the Board. In executing their responsibilities, each of the members of the Board is entitled to rely on the advice, reports and opinions of management.

CORE RESPONSIBILITIES

The core responsibilities of the Board include stewardship and oversight in the following areas:

Strategic Planning

The Board ensures that the Corporation adopts a strategic planning process to guide its activities. The Board meets periodically to review the plan. In addition, at each regular meeting, the Board reviews the Corporation’s overall business strategies, its business plan, as well as major strategic initiatives, to allow the Board to evaluate whether the Corporation’s proposed actions are generally in accordance with its objectives.

Identification of Principal Risks

The Board, directly and through the Audit, Corporate Governance, and Environment/Safety/Community Committees, reviews the principal risks of the Corporation’s business and the appropriateness of the systems put in place to manage these risks.

Selection and Remuneration of the CEO and the Senior Management Team

The Board is responsible for selecting the CEO and for approving the selection of the members of the senior management team. Communication with the management team is through the CEO and the Board is responsible for judging the effectiveness of this officer and replacing him if such action is deemed to be in the best interests of the Corporation. The Board is also responsible for providing an effective system of remuneration. These functions are performed with the benefit of advice from the Corporate Governance Committee.

Succession Planning

On a regular basis, the Board reviews a succession plan, developed by management, addressing the policies and principles for selecting a successor to the CEO and other key senior management positions, both in an emergency situation and in the ordinary course of business. The succession plan should

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include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO currently in the Corporation's senior management.

Financial Reporting and Internal Controls

The Board, acting through the Audit Committee, oversees the financial reporting and regulatory filing and disclosures of the Corporation. This includes monitoring the implementation of appropriate internal control systems to ensure the accuracy and timeliness of the information.

Communication Policy

The Disclosure Policy established by the Board summarizes practices regarding disclosure of material information to investors, analysts and the media. The Board, in consultation with the Corporate Governance Committee, monitors and advises on compliance with this Policy.

Evaluating Board Performance

The Board, acting through the Corporate Governance Committee, conducts an evaluation, at least annually, to assess the effectiveness of the Board, its Committees, the Chairman, and individual Directors. In addition, the Corporate Governance Committee periodically considers the mix of skills and experience that Directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

BOARD COMPOSITION

Board Composition

The composition of the Board should balance the following goals:

- i. The size of the Board should facilitate substantive discussions of the whole Board in which each Director can participate meaningfully;
- ii. The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Corporation's business; and
- iii. Membership on the Board shall include an appropriate number of Directors whom the Board has determined have no material relationship with the Corporation or its principal shareholders and who are otherwise considered independent as contemplated by the corporate governance guidelines published by the Canadian Securities Administrators (the "CSA Guidelines") and under the rules of the Toronto Stock Exchange ("TSX")

Selection of Directors

The Corporate Governance Committee is responsible for recommending to the Board, from time to time, a list of potential Directors meeting the Corporation's general criteria for Board membership, as well as suitable nominees to fill specific vacancies occurring between annual meetings of shareholders. The processes used by the Committee as well as the bases for its recommendations are outlined in the Corporate Governance Committee Charter. The Board is responsible for selecting nominees for election to membership on the Board for presentation at annual meetings of shareholders.

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Orientation and Continuing Education

The Corporate Governance Committee is responsible for the continuing education of Directors as outlined in the Committee's Charter.

Board Committees

Standing Committees

The standing committees of the Board are the Audit Committee, the Corporate Governance Committee, and the Health/Environment/Safety/Community (HESC) Committee. Each of these three committees has a written Charter, satisfying at a minimum, applicable legislative and TSX rules.

All Directors, whether members of specific committees or not, may request attendance at any committee meeting and may make suggestions to committee chairs for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give periodic reports of his or her committee's activities to the Board.

Assignment of Committee Members

The Corporate Governance Committee is responsible, after consultation with the Chairman of the Board, for recommending the assignment of Board members to various committees and the selection of the committee chairs.

Board Meeting Procedures

Frequency of Meetings

The Board holds regularly scheduled meetings on a quarterly basis as well as additional meetings to consider particular issues or strategic planning. Special meetings may be called from time to time as determined by the needs of the Corporation's business.

Selection of Agenda Items for Board Meetings

The Chairman, in consultation with the CEO and the Corporate Secretary, establishes the agendas for Board meetings. Any Board member, however, may recommend the inclusion of specific agenda items. The agenda is distributed in advance of a meeting to each Director.

Board Materials Distributed in Advance

Information, data and presentation materials that are important to the Board's understanding of the business are distributed in writing to the Board before each meeting. Management should provide materials that are as concise as possible while giving Directors sufficient information, and time for review (subject to availability of time sensitive materials), to make informed decisions. Under certain circumstances, written materials may be unavailable to Directors in advance of a meeting, and certain items to be discussed at Board meetings may be of a sensitive nature such that the distribution of materials on these matters prior to the Board meeting would not be appropriate.

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Management at Meetings

The Board invites members of management, in addition to the CEO and the Chief Financial Officer (“CFO”), to attend Board meetings from time to time to make presentations and provide additional insight into the various operations of the Corporation.

Independent Director Meetings

To encourage free and open discussion and communication among the non-management Directors of the Board, the Directors meet during, or at the end of each Board meeting, without members of management present.

Expectations of Directors

Commitment and Attendance

All Directors should make every effort to attend all meetings of the Board and meetings of committees of which they are members. Although attendance in person is encouraged, members may attend by telephone to mitigate schedule conflicts.

Participation in Meetings

Each Director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.

Financial Knowledge

One of the most important roles of the Board is to monitor financial performance. A Director must know how to read financial statements, and should understand the use of financial ratios and other indices for evaluating financial performance.

Code of Conduct

The Corporation has adopted a Code of Conduct. Certain portions of this Code deal with the business conduct of Directors, particularly with respect to transactions in the securities of the Corporation, potential conflicts of interest, the taking of corporate opportunities for personal benefit, and competing with the Corporation. Directors should be familiar with the Code’s provisions in these areas and should consult with the Corporation’s counsel in the event of any issues or concerns.

Other Directorships

The Corporation values the experience Directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a Director’s time and availability, and may also present conflicts or legal issues. Directors should advise the Chair of the Corporate Governance Committee before accepting any new membership on other boards of directors or any other significant commitment involving an affiliation with other related businesses or governmental units.

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Contact with Management

All Directors are invited to contact the CEO at any time to discuss any aspect of the Corporation’s business. While respecting organizational relationships and lines of communication, Directors have complete access to other members of management. There will be frequent opportunities for Directors to meet with the CEO, CFO and other members of management in Board and committee meetings and in other formal or informal settings.

Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her services.

Board Compensation

The Board, acting through the Corporate Governance Committee, conducts a review on a regular basis of the components and amount of Board compensation in relation to other similar companies.

Position Descriptions: Chairman of the Board, Committee Chairs

The duties and responsibilities of the Chairman of the Board and the Committee Chairs are set out in their respective Position Descriptions.