

CORPORATE GOVERNANCE STATEMENT

The board of directors and senior management of the General Partner recognize that effective corporate governance is central to the prudent direction and operation of the Partnership in a manner that enhances unitholder value. The Partnership's corporate governance practices and policies have been established pursuant to the terms of the Partnership Agreement, the Unanimous Shareholder Agreement and with reference to the provisions of National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”) and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) and are discussed below, as required by Form 58-101F1 of NI 58-101.

The corporate governance practices and policies of the Partnership have been developed under the general auspices of the Governance Committee of the board of directors of the General Partner. The Governance Committee believes that the corporate governance practices of the Partnership are appropriate for a limited partnership such as the Partnership. In addition, the Governance Committee reviews the governance practices and policies of the Partnership on an ongoing basis to ensure that the Partnership complies with all applicable legal requirements.

Board of Directors

The board of directors has adopted governance guidelines consistent with NP 58-201, which recommends that boards of directors of reporting issuers consist of a majority of independent directors. The board of directors currently consists of nine directors who provide a wide variety of business experience. The Partnership Agreement requires that there be no more than nine board members, five of whom are required to be independent directors, as defined in the Partnership Agreement. The board is responsible for determining whether or not each director is independent within the meanings of such term as defined in NI 58-101 and the Partnership Agreement. In applying these definitions, the board considers all relationships of the directors with the Partnership and the General Partner, including business, familial and other relationships. The following members of the board have been determined to be independent for both the purposes of the Partnership Agreement and NP 58-201: Messrs. Alfaro, Milne, Keinick, Robertson and Brown. Mr. Brown joined the board on February 22, 2007 following Mr. Brussa's resignation from the board on February 22, 2007. Mr. Keinick joined the board on February 6, 2008, following Mr. Bradley's resignation from the board on February 6, 2008. Each of the independent directors is free from any business, familial, or other relationship which could, in the view of the board, be reasonably perceived to materially interfere with the director's ability to act with a view to the best interests of the General Partner and the Partnership.

Messrs. Driscoll, Fesyk, Errico and Brigstocke are not considered by the board to be independent within the meaning of NP 58-201 and the Partnership Agreement. Mr. Fesyk is the President and Chief Executive Officer of the General Partner and is a non-voting shareholder of Pipeline Assets Corp., the sole shareholder of the General Partner. Therefore, Mr. Fesyk is not considered to be an independent director. Mr. Fesyk is the sole member of the board of directors who is also a member of the management team of the General Partner. Mr. Errico is not considered to be an independent director because he is a non-voting shareholder of Pipeline Assets Corp. Effective October 1, 2006, Mr. Brigstocke joined the board of an affiliate of Pipeline Assets Corp. in the United Kingdom and was therefore, as of that date, no longer considered to be an independent director. Mr. Driscoll, the chairman of the board, is not considered to be an independent director because of his control of all of the voting shares of Pipeline Assets Corp.

In order to continue to address the requirements of NP 58-201 and the chairman's non-independence, in February 2008, the independent directors of the board re-appointed Mr. Robertson to act as the “lead independent director”. In accordance with the role description of the “lead independent director” which is reviewed by the board's independent directors on an annual basis, Mr. Robertson's responsibilities as “lead independent director”, in conjunction with the Governance Committee, include promoting the enhancement and effectiveness of the governance practices of the General Partner and the Partnership by serving as a liaison, when necessary, between the independent directors and the chairman of the board with respect to issues not readily or easily discussed at meetings of the full board. In addition, the lead independent director also chairs the meetings of the independent directors held following each meeting of the board or at any other time.

The board of directors has taken steps to ensure that adequate structures and processes are in place to permit the board to function independently. In addition to having established the “lead independent director” position in early 2007, it is a requirement of the board’s Terms of Reference (the “**Board Mandate**”) that the independent directors hold *in camera* sessions following each meeting of the board in order to facilitate open and candid discussion amongst the board’s independent directors. In 2007, five board meetings were called and the independent directors met following each meeting. Similar *in camera* sessions are held during each of the meetings of the committees of the board. Furthermore, in 2006, the board of directors passed a resolution requiring that any material acquisition or divestiture which could result in an acquisition or divestiture fee being paid by the Partnership to the General Partner pursuant to the Partnership Agreement be independently reviewed by the independent directors before the General Partner may proceed with such a transaction. The independent directors have the ability to veto any such transaction.

Pipeline Assets Corp., in its capacity as the sole shareholder of the General Partner, has the ability to elect the board of directors of the General Partner. However, the Governance Committee, chaired by Mr. Alfaro, recommends nominees to Pipeline Assets Corp. for election to the board of directors. See “Nomination of Directors” for a further discussion of this process.

All committees of the board of directors are currently comprised solely of directors considered by the board to be independent within the meaning of NP 58-201 and the Partnership Agreement.

No directors currently receive fees from the General Partner, other than directors’ fees, excepting Mr. Driscoll, the controlling voting shareholder of Pipeline Assets Corp., which has a Support Agreement with the Partnership. Upon the purchase, in 2002, of the General Partner by Pipeline Assets Corp. from an indirect subsidiary of Koch Industries, Inc., this Support Agreement, formerly held by an affiliate of Koch Industries, Inc., was assigned to Pipeline Assets Corp. The Support Agreement obligates the affiliates controlled by the owner of the General Partner to provide support services to the Partnership if called upon. Such services are to be provided at cost. During 2007, no services were requested or charged to the Partnership pursuant to the Support Agreement.

Mr. Brussa, a former member of the board of directors who resigned from the board on February 22, 2007, is a partner in the law firm of Burnet, Duckworth and Palmer LLP (“BDP”), which provides non-exclusive legal services to the Partnership from time to time. Services were provided to the Partnership and the General Partner by BDP in 2007. The General Partner entered into a consulting services agreement with Mr. Brussa on February 22, 2007, which provides that Mr. Brussa will perform certain advisory services for a set fee and the retention of his Unit Incentive Options and Deferred Unit Rights outstanding as of his resignation date.

The board has not adopted a formal policy limiting the number of outside directorships held by the directors. However, the Board Mandate provides that the board holds the responsibility to approve outside directorships or trusteeships on boards of public and private companies or entities in the same or related businesses as the Partnership. In this regard, the board considers whether the director in question will be reasonably able to meet his or her duties in light of the responsibilities associated with fulfilling his or her duties as a director of the General Partner. Exhibit 3 outlines current directorships held by directors in other reporting issuers or equivalent entities and the attendance record for each director for all board and committee meetings held in 2007.

The current directors serving together on other boards of reporting issuers are Messrs. Errico, Robertson and Driscoll, who are all directors of Endev Energy Inc., an oil and gas exploration entity of which Mr. Driscoll is chairman. In addition, Messrs. Errico and Driscoll both serve as directors of Strategic Energy Fund. The board does not believe that these interlocking board relationships interfere with the ability of these directors to meet their duties as directors of the General Partner.

See the section entitled “Directors and Officers of the General Partner” in the Annual Information Form for additional information on each director.

Board Mandate

The primary responsibilities of the board of directors, as further described in the Board Mandate available at www.interpipelinefund.com, are set out below. The Board Mandate is reviewed and updated annually by the board of directors and was reaffirmed by the board of directors in February 2008. The board's primary responsibility is to foster the long-term success of the Partnership consistent with the obligations of the General Partner under the Partnership Agreement and to foster the long-term success of the General Partner as consistent with the board's responsibility to its shareholders to maximize shareholder value. Subject to the Unanimous Shareholder Agreement, the board of directors has plenary power and is responsible for all significant decisions that affect the Partnership and the General Partner. The board of directors acts in accordance with the Partnership Agreement and applicable laws.

Strategic Planning Process

The board of directors directs the strategic planning of the Partnership. The strategic plan of the Partnership for 2008 was reviewed by the board of directors in October 2007. Pursuant to the Board Mandate, the board reviews and approves the Partnership's: (i) budgets, (ii) financial and operating objectives used in determining compensation, (iii) the entering into, or withdrawing from, material lines of business, and (iv) material divestitures and acquisitions, subject to the independent review and approval function of the independent directors. In general, the board monitors management's achievements in implementing the Partnership's strategies and objectives.

Business and Risk Management

The board of directors has the responsibility to take all reasonable steps to ensure that management has identified the principal risks of the businesses of the Partnership and the General Partner and has implemented appropriate systems to manage these risks. The Audit Committee and the Environment, Health and Safety Committee meet regularly to review reports from management and to discuss significant risk areas and appropriate risk management policies.

Succession Planning, Compensation, Senior Management, Employees

The board of directors holds responsibility for succession planning and is responsible for choosing the President and CEO. The Governance Committee reviews succession planning issues on a regular basis. The Compensation Committee reviews the compensation and performance of officers and employees and makes recommendations in respect thereof to the board of directors for approval. The Compensation Committee also reviews the compensation of directors. The board approves decisions relating to the appointment of senior management personnel and any employment contracts or other special arrangements that may have a material impact on the Partnership or its human resources and/or compensation policies.

Corporate Communications

The board approves all of the Partnership's major communications, including annual and quarterly reports, financing documents and major press releases. A Disclosure Policy has been adopted by the board, which covers the accurate and timely communication of all important information. This policy is reviewed annually under the supervision of the Governance Committee. The Partnership provides updates to unitholders as required by the Partnership Agreement and also communicates via its website at www.interpipelinefund.com. Regular conference calls are held with financial analysts, unitholders and other stakeholders. Unitholders are able to provide feedback as outlined on the Partnership's website. The General Partner's Code of Ethics is posted on this website, as are other policies of the Partnership.

Compliance Reporting and Internal Controls

The board, through the Audit Committee, the Governance Committee, and the Environment, Health and Safety Committee, reviews the effectiveness of the Partnership's control processes and information systems by consulting with management and outside experts as necessary to ensure the integrity of the processes and systems. In 2007, the Audit Committee continued to monitor the design and testing of the control

processes and systems of the Partnership. The Committees review these control processes on a continuing basis.

The Audit Committee oversees the application of a “whistleblower” policy and the functioning of a “whistleblower hotline”. This “hotline” is operated by a third party service provider to provide an anonymous way for employees to report concerns or complaints regarding accounting, internal accounting controls or auditing matters. Any reports made through the “hotline” are reported directly to the chair of the Audit Committee.

The Governance Committee reviewed and approved an updated Disclosure Policy in 2007, a copy of which is available at www.interpipelinefund.com.

Board Committees

The board has established the following four committees to assist with its responsibilities: (i) Audit, (ii) Environment, Health and Safety, (iii) Governance, and (iv) Compensation. Further information about each committee and its members can be found in the Annual Information Form, throughout this Corporate Governance Statement, and in the mandates, charters and/or Terms of Reference of each committee, which are available at www.interpipelinefund.com. In accordance with Multilateral Instrument 52-110, the Audit Committee Charter and Terms of Reference are appended hereto as Exhibit 1. The following is a brief description of each committee:

Audit Committee

The Audit Committee consists of Messrs. Robertson, Milne and Brown, all of whom are independent directors. Mr. Robertson, F.C.A. who has extensive experience in public accounting practice and audit procedures, chairs the committee. Mr. Brown was appointed to the committee on February 6, 2008, the date on which Mr. Alfaro resigned from the committee. The Charter and Terms of Reference of the Audit Committee outline its overall responsibility to assist the board in fulfilling its oversight responsibilities with respect to financial reporting matters. Specific responsibilities and duties of the Audit Committee include monitoring the integrity of the financial reporting process and the system of internal controls and pre-approving all non-audit services to be provided to the Partnership by external auditors. The Charter provides that the committee will have responsibility for oversight of the external auditors who shall report directly to the committee. In addition, the Charter directs that all committee members shall be financially literate with a working familiarity of basic finance and accounting practices and at least one member shall have accounting or related financial management expertise. The Partnership believes that the current composition of the committee complies with these financial literacy and expertise requirements.

The Charter of the Audit Committee provides that the committee has authority to retain, at the Partnership’s expense, special legal, accounting and other consultants or experts it deems necessary in the performance of its duties. The retaining of outside financial and legal advisors at the expense of the Partnership at the request of individual board members is authorized in the event that a special committee of the board is formed.

The Audit Committee meets regularly and reviews the Partnership’s annual consolidated financial statements, quarterly financial statements, Management’s Discussion and Analysis and attendant press releases. It works with management to develop an annual audit plan, reviews all auditors’ recommendations and meets independently with the auditors. The Audit Committee’s Charter and Terms of Reference were reviewed and amended in 2007 and include items which represent best practices and developments in this area. Four meetings of the Audit Committee were held in 2007.

Environment, Health and Safety Committee

The Environment, Health and Safety Committee, composed exclusively of independent directors, is chaired by Mr. Milne. The other members are Messrs. Brown and Alfaro, who was appointed to the committee on February 6, 2008, the date on which Mr. Bradley resigned from the board of directors and this committee. The general purpose of this committee is to assist the board by dealing with specific issues in the

environment, health and safety areas. The committee is responsible for environment, health and safety reporting to the board and to the Partnership's unitholders and is also responsible for reviewing the General Partner's environment, health and safety and asset integrity programs, initiatives and performance. This committee meets regularly and scrutinizes compliance matters, emergency preparedness and safety concerns and reviews internal controls in these areas. Three meetings of this committee were held in 2007. All board members are encouraged to tour the Partnership's facilities (see "Orientation and Continuing Education" below) and in 2007, the committee members and other directors toured certain of the pipeline facilities of the Partnership.

Governance Committee

The Governance Committee, composed exclusively of independent directors, operates under Terms of Reference, which provide that its mandate is to enhance corporate and Partnership governance through a continuing assessment of the approaches to corporate and Partnership governance and to make policy recommendations in respect thereof. The members of this committee are Messrs. Alfaro (chair), Milne, Robertson, and Keinick, who was appointed to the committee on February 6, 2008 following Mr. Bradley's resignation from the board of directors and this committee. The committee met two times in 2007. Many of the specific duties of this committee are highlighted in other sections of this Statement of Corporate Governance.

Compensation Committee

The Compensation Committee, chaired by Mr. Keinick, is composed exclusively of independent directors. The other members of the committee are Messrs. Alfaro and Robertson. As previously noted, Mr. Bradley resigned from the board on February 6, 2008 and was the chairman of the committee until that date. Mr. Keinick was appointed to the Compensation Committee following Mr. Bradley's resignation. The Compensation Committee met four times in 2007. For further information concerning the responsibilities, powers and operation of the Compensation Committee, see "Compensation".

Position Descriptions

The Governance Committee is responsible for developing and updating position descriptions for the President and CEO and all other senior officers of the General Partner.

Pursuant to the Board Mandate, the board is responsible for defining the role of the President and CEO. In addition, the board authorizes financial authority limits for the President and CEO.

In 2007, the Governance Committee reviewed and amended the position descriptions of the officers of the General Partner, including the President and CEO.

In 2007, the Governance Committee established a written position description for the chairman of the board, a copy of which is available at www.interpipelinefund.com. The position description of the "lead independent director", which was established in February, 2007, was reviewed and reaffirmed by the independent directors of the board in February, 2008 and is available for review at www.interpipelinefund.com.

The Board Mandate and Terms of Reference of each committee mandate the responsibilities of the board and of each committee, respectively, and the chair of each is responsible for ensuring that such responsibilities are fulfilled.

Orientation and Continuing Education

All new directors receive a record of historical public information about the Partnership, in addition to the Board Mandate and Terms of Reference for each of the board committees, the Partnership Agreement, other material contracts, and the Partnership's policies. The orientation program for each new director is tailored to his or her needs; however, the focus of the orientation program is on providing new directors with (i) information about the director's duties and obligations as a member of the board of the General Partner, (ii) information about the Partnership's business and operations, and (iii) the expectations of directors.

Directors are invited to, and take part in, tours of the facilities of the Partnership and are encouraged to interact with management to better understand the nature of the business. Senior officers provide directors with information in respect of courses and programs available to them which may enhance skills and knowledge and also provide regular updates of changes in the law or business environment.

Ethical Business Conduct

The Partnership has adopted a written code of business conduct and ethics applicable to all directors, officers and employees and to subsidiaries of the Partnership. The Code of Ethics can be viewed at www.interpipelinefund.com. Each director, officer and employee is required to review and sign the Code of Ethics annually. The Governance Committee has the responsibility to monitor compliance with the Code of Ethics and to recommend improvements as deemed necessary or desirable. The directors are required to sign a supplement to the Code of Ethics stating that directors shall make full disclosure of any conflict of interest, real or perceived, between their personal business and affairs and that of the Partnership. It is recognized that certain directors are also shareholders of the General Partner and that such shareholdings give rise to the potential for conflicts of interest and that such shareholdings are to be fully disclosed. Therefore, directors are required to ensure that their private and personal interests neither interfere, nor appear to interfere, with the interests of the Partnership. See also "Board of Directors" and the discussion therein of the role of the independent directors in approving material acquisitions and divestitures that could result in an acquisition or divestiture fee being paid to the General Partner pursuant to the Partnership Agreement.

In addition to the foregoing, the Partnership has adopted a "whistleblower" policy and "hotline" which is further discussed under "Board Mandate, *Compliance Reporting and Internal Controls*".

Nomination of Directors

In accordance with the Unanimous Shareholder Agreement, Pipeline Assets Corp., as the sole shareholder of the General Partner, is required to receive and give due consideration to recommendations from the Governance Committee as to nominees for election by Pipeline Assets Corp. to the board of directors of the General Partner. As indicated in the section hereof entitled "Board of Directors", Mr. Driscoll, the chairman of the board, is the controlling voting shareholder of Pipeline Assets Corp. Unitholders, each of whom is a Limited Partner pursuant to the Partnership Agreement, do not have the ability to elect the board of directors of the General Partner. In determining whom to recommend as board nominees to Pipeline Assets Corp., the Governance Committee annually reviews the performance of each individual director (see "Assessments" below) and undertakes a detailed search in the event that a new or additional board member is to be added to the board of directors. However, ultimately, Pipeline Assets Corp., the shareholder of the General Partner which is controlled by Mr. Driscoll, and not the unitholders of the Partnership, has the legal right and obligation to elect the directors of the General Partner.

Retirement Policy Applicable to Directors

A retirement policy applicable to directors of the General Partner has not been established.

Compensation

The Compensation Committee is comprised solely of independent directors. This committee's purpose is to assist the board by dealing with specific issues which may affect the compensation of the General Partner's senior management and the application of the compensation philosophy to the General Partner's employees reporting through senior management. In particular, the members of the committee are responsible for reviewing the corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance against those goals and objectives and making recommendations to the board with respect to the CEO's compensation. See the section entitled "Executive and Director Compensation" in the Annual Information Form for information relating to the compensation received by the CEO in 2007.

The Compensation Committee also reviews and makes recommendations to the board on the compensation of the other officers of the General Partner. See the section entitled "Executive and Director Compensation"

in the Annual Information Form for information relating to the compensation received by certain senior officers of the General Partner in 2007.

The Compensation Committee's recommendations with respect to directors' compensation are also presented to the board. Prior to making its recommendations, the committee reviews the form and adequacy of the directors' compensation to ensure that it accurately reflects the responsibilities and risks of being a director of the General Partner. Chairs of each committee of the board receive a supplemental fee for acting in that capacity. See the section entitled "Executive and Director Compensation" in the Annual Information Form for information relating to the compensation received by directors in 2007.

All compensation components, including the Unit Incentive Option Plan and the Deferred Unit Rights Plan, are subject to the review and approval of the Compensation Committee. The Compensation Committee also assists the board by continually reviewing the compensation philosophy and making recommendations to the board as to changes to improve the General Partner's ability to recruit, retain and motivate employees. This committee reviews executive compensation disclosure before the Partnership publicly discloses this information. Four meetings of the committee were held in 2007.

In 2007, the Compensation Committee utilized compensation survey information provided by Mercer Human Resource Consulting Ltd., an independent human resource consulting firm, to help assess the competitiveness of the General Partner's executive compensation practices. Information provided by Mercer Human Resource Consulting Ltd. is based on its annual survey of compensation practices within the Canadian oil and gas industry.

Other Board Committees

In addition to establishing an Audit Committee, a Governance Committee and a Compensation Committee, the board has established an Environment, Health and Safety Committee. Please see "Board Committees" above for a description of the function of this committee.

Assessments

The Governance Committee is required to review and report to the board on an annual basis its assessment of the performance of the board and the basis of its evaluation. In completing this assessment, the Governance Committee must review the performance of individual board members and must also assess the effectiveness of the board as a whole and recommend steps which may be taken to improve effectiveness. A key part of this process is the completion, on an annual basis, of an anonymous long form directors' questionnaire by each director (the "**Questionnaire**"), the results of which are considered by the Governance Committee in its report and recommendations to the board and to Pipeline Assets Corp., the shareholder of the General Partner. The Questionnaire includes numerous questions pertaining to the operation and governance of the board, resources and information available to the board, planning and budgeting processes, board effectiveness, board communications, independence of directors, committee performance and disclosure issues. Furthermore, the Questionnaire includes a detailed peer evaluation section, through which the directors independently evaluate each board member's effectiveness in areas such as communication skills, dedication to board and, if applicable, committee responsibilities, and understanding of the Partnership's business and risks. In addition, a self-evaluation component is included in the Questionnaire.

Following the Governance Committee's review of the Questionnaire results, the chairman of the Governance Committee meets with Mr. Driscoll, the controlling voting shareholder of Pipeline Assets Corp., which is the sole shareholder of the General Partner and the entity which is legally obligated to elect the directors of the General Partner, to discuss the Governance Committee's recommendations with respect to which directors should be appointed to the board for a further term of one year. Pipeline Assets Corp. is legally required to receive and give due consideration to recommendations from the Governance Committee as to nominees for election by Pipeline Assets Corp. to the board of directors of the General Partner. See "Nomination of Directors" above for a further discussion of the nomination process. In addition, the Governance Committee reports its assessment of the performance of the board and supporting information to the full board.

**Exhibit 1 - Audit Committee Terms of Reference
INTER PIPELINE FUND
AUDIT COMMITTEE CHARTER and TERMS OF REFERENCE**

General

This document establishes the charter and terms of reference for the Audit Committee of the Board of Directors of Pipeline Management Inc. (the “Company”).

The Company is the General Partner of the limited partnership, Inter Pipeline Fund (the “Partnership”). Class “A” units of the Partnership are traded on the Toronto Stock Exchange. The General Partner is responsible for the financial affairs and reporting for the Company and the Partnership and all subsidiary entities on a consolidated basis. As such the Audit Committee’s responsibilities relate to the Company and the Partnership and this document is intended to apply to the Company and the Partnership and to all subsidiary entities.

Responsibilities and Processes

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting matters. The Committee will carry out the responsibilities of an audit committee as are prescribed by law from time to time and, without limitation will:

- Review the Partnership’s quarterly and annual financial statements, MD&A and earnings press releases before such information is publicly disclosed. This review will include a discussion with management and the external auditors of significant issues regarding the financial results, accounting principles, practices and management estimates and judgments.
- Ensure that adequate procedures are in place for the review of the Partnership’s disclosure of financial information extracted or derived from the Partnership’s financial statements and periodically assess those procedures.
- Make recommendations to the Board with respect to external auditors as well as compensation to be paid to such auditors.
- Pre-approve all non-audit services to be provided to the Partnership by the external auditors.
- Monitor the integrity of the financial reporting process and the system of internal controls that management and the Board have established.
- Review on a quarterly basis the process and progress of the Partnership in evaluating the internal control system to ensure readiness to comply with the required officer certifications of the effectiveness of internal controls in the timeframes prescribed by law.
- On a quarterly basis receive and consider updates by management with respect to the Partnership’s hedging program and the extent of hedges outstanding.
- Monitor the management of the principal risks that could impact the financial reporting of the Partnership.
- Review and approve the annual Audit Plan, process, results and performance of the independent external auditors.
- Review and reassess this Charter and Terms of Reference at least annually to determine whether revisions are necessary. The Committee shall periodically self-assess its performance and effectiveness in fulfilling its role.

- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Obtain and review summaries of significant or unusual transactions, and other potentially complex matters whose treatment in the financial statements merits advance consideration.
- Review the Annual Information Form.
- Review and respond to any complaints received by the Partnership regarding accounting, internal controls, or auditing matters including anonymous submissions by employees. Monitor the “whistleblower” process and report all complaints and their disposition to the board of directors at least annually.
- Review all material written communications between the external auditors and management, including the annual management representation letter and summary of unadjusted errors.
- Review and approve any hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors.

The Committee shall have the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to anyone in the organizations and to the external auditors who will report directly to the Committee. The Committee has the authority to engage, at the Partnership’s expense, independent counsel and other advisors, as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with any internal and external auditors

Composition and Meetings

The Committee shall consist of at least three directors, all of whom shall be independent directors. All Committee members shall be financially literate with a working familiarity with basic finance and accounting practices, and at least one member shall have accounting or related financial management expertise.

Members of the Committee as well as the Chair shall be appointed annually by the Board.

The Committee shall meet at least quarterly, or more frequently as deemed necessary by the Chair. The Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee shall meet privately at least quarterly with management as well as the external auditors to discuss any matters that the Committee or each of these groups believes should be discussed.

A quorum for a meeting of the Committee shall consist of a simple majority of the members of the Committee. Meetings may be held by conference call with the consent of the Committee.

A report in respect of each meeting of the Committee will be provided to the Board. Supporting schedules and information reviewed by the Committee will be available for examination by any Director upon request to the Secretary of the Committee.

External Auditors

The Committee shall have responsibility for oversight of the external auditors who shall report directly to the Committee. The Committee shall be provided with any reports by the external auditors with respect to recommendations regarding internal controls and shall review such reports with the auditors and management and have a clear understanding of steps proposed to be taken to deal with any issues which may arise in such reports. The external auditors shall receive notice of every meeting of the Committee.

Reviewed and amended by the Board of Directors of the Company on November 8, 2007.

Exhibit 2 - Board of Directors: 2007 Attendance

	H. (Bert) Alfaro	Bernie J. Bradley	Nicholas O. Brigstocke	Lorne E. Brown	John F. Driscoll	Jeffery E. Errico	David W. Fesyk	J. Lindsay Milne	William D. Robertson
Board Meetings									
February 22, 2007	X	X	X	X	X	X	X	X	X
May 10, 2007	X	X	X	X	X	X	X	X	X
August 9, 2007	X	X	X	X	X	X	X	X	X
October 19-21, 2007*		X	X	X	X		X	X	X
November 8, 2007	X		X	X	X	X	X	X	X
December 6, 2007	X	X	X	X	X	X	X	X	X
Audit Committee									
February 20, 2007	X							X	X
May 8, 2007	X							X	X
August 7, 2007	X							X	X
November 6, 2007	X							X	X
Compensation Committee									
April 26, 2007	X	X							X
August 23, 2007	X	X							X
October 31, 2007	X	X							X
November 27, 2007	X								X
EH&S Committee									
January 17, 2007	X	X		**				X	
May 31, 2007	***	X		X				X	
September 25, 2007	***	X		X				X	X****
Governance Committee									
January 18, 2007	X	X						X	*****
October 31, 2007	X	X						X	X

* Strategic Planning Session

** Mr. Brown was not a member of the EH&S Committee on the date of this meeting.

*** Mr. Alfaro was not a member of the EH&S Committee on the dates of these meetings.

**** Mr. Robertson attended a site tour of certain facilities by invitation of the EH&S Committee.

***** Mr. Robertson was not a member of the Governance Committee on the date of this meeting.

Exhibit 3 - Board of Directors: Other Directorships

The only current directors⁽¹⁾⁽²⁾ who hold directorships of any other issuer that is a reporting issuer (or the equivalent) in Canada or a foreign jurisdiction are as set forth below. Interlocking directorships of the current directors (where directors also serve together on the board of another issuer) are highlighted in bold type:

Nicholas O. Brigstocke	Azure Dynamics Corporation (UK and Canada) DDD Group PLC (UK) Healthcare Enterprise Group PLC (UK) Turbo Power Systems Inc. (UK and Canada) Sentry Select (UK) Limited (UK)
John F. Driscoll	Alliance Split Income Trust C.A. Bancorp Inc. (formerly Masthead Resources Ltd.) Canadian Income Management Inc. Canadian Income Management Trust CAPVEST Income Corp. Charter Realty Holdings Ltd. Commercial and Industrial Securities Income Trust Diversified Income Trust II Diversified Preferred Share Trust Endev Energy Inc. Global Alternative Investments Global SiDSC Trust 2004-1 MBS Adjustable Rate Income Fund Mortgage Backed Securities Trust Multi Select Income Trust NCE Diversified Flow-Through (05) Limited Partnership NCE Diversified Flow-Through (05-2) Limited Partnership NCE Diversified Flow-Through (06) Limited Partnership NCE Diversified Flow-Through (06-2) Limited Partnership NCE Diversified Flow-Through (07) Limited Partnership Oil Sands and Energy Mega-Projects Trust Oil Sands Split Trust Precious Metals and Mining Trust Premier Value Income Trust PRO-VEST Growth & Income Fund Select 50 S-1 Income Trust Select 50 S-1 Income Trust II Sentry Select Blue-Chip Income Trust Sentry Select Capital Corp. Sentry Select Commodities Income Trust Sentry Select Diversified Income Trust (formerly NCE Diversified Management Inc.) Sentry Select FIDAC U.S. Mortgage Trust Sentry Select Focused Growth & Income Trust Sentry Select 40 Split Income Trust Sentry Select Global Index Income Trust Sentry Select Lazard Global Listing Infrastructure Fund Sentry Select MBS Adjustable Rate Income Fund II Sentry Select Total Strategy Fund Strategic Energy Fund Universal Infrastructure Corp.
Jeffery Errico	Endev Energy Inc. Strategic Energy Fund
William D. Robertson	Cinch Energy Corp. Endev Energy Inc.

⁽¹⁾Mr. Brussa resigned from the board on February 22, 2007. In 2007, Mr. Brussa was a director of the following entities: 13222256 Alberta Ltd. (formerly Inex Pharmaceuticals Corporation), 6550568 Canada Inc., Baytex Energy Ltd., BlackWatch Energy Services Trust, Cirrus Energy Corporation, Crew Energy Inc., Divestco Inc., E4 Energy Inc., Endev Energy Inc., Enseco Energy Services Corp., FET Resources Inc. (Focus Energy Trust), Flagship Energy Inc., Galleon Energy Inc., Grand Petroleum Ltd., Harvest Operations Corp. (Harvest Energy Trust), Highpine Oil & Gas Limited, North American Energy Partners Inc., Ontario Energy Savings Corp. (Energy Savings Income Fund), Orleans Energy Ltd., Penn West Petroleum Ltd., Pilot Energy Ltd., Progress Energy Ltd., Rider Resources Ltd., SET Resources Inc. (Sound Energy Trust), Storm Exploration Inc., Strategic Energy Fund, and Trafalgar Energy Ltd.

⁽²⁾Mr. Bradley resigned from the board on February 6, 2008. He did not hold any outside directorships.