

ONDINE BIOPHARMA CORPORATION

BOARD OF DIRECTORS MANDATE

I. Board's Purpose

Ondine Biopharma Corporation is committed to high standards of corporate governance and the Board of Directors is committed to promoting a culture of integrity among management and, with the assistance of management, throughout the Company.

The duties and responsibilities of Directors follow from applicable corporate laws, as well as those duties and responsibilities generally agreed and approved by the Board of Directors. The intent is that the duties and responsibilities guide the Board in complying with all applicable Canadian and U.S. legal and regulatory requirements.

Directors are accountable to the shareholders of the Company.

II. Board's Mandate

The Board of Directors shall further the objectives of the Company by directing, supervising and otherwise reviewing and approving the stewardship of the Company.

All material transactions must be reviewed and approved by the Board prior to implementation. Any responsibility that is not delegated to senior management or a Board committee remains with the full Board. One of the Board's responsibilities is to review and, if thought fit, to approve opportunities as presented by management and to provide guidance to management. The Board relies on management for the preparation of periodic reports, and to provide the support and information necessary to enable the Board to fulfill its obligations effectively.

The Board is responsible for developing and approving, in consultation with management, the Company's business objectives and goals, for approving the strategic plans developed by management arising therefrom, and for monitoring subsequent performance of the Company and its management against such objectives and plans. The Board is also responsible for identifying the principal risks associated with the Company's business, ensuring that the strategic plan takes into account both the opportunities and the risks, and for the implementation of systems for managing the identified risks.

As part of its strategic planning process, strategic issues are reviewed with management and addressed by the full Board at regularly scheduled Board meetings and at other meetings specifically called for this purpose. The Board receives regular reports from management on the Company's operations, budget, research and development and risk management programs, meets with management on a regular basis, and reviews business opportunities presented by management in the context of the Company's strategic plan.

The Board is responsible for selecting senior management personnel and reviewing and assessing their performance and integrity, supervising the development and implementation of corporate governance policies, practices and procedures that are appropriate for the Company given its stage of development, supervising the development and implementation of policies and procedures related to the Company's internal control, and management information systems and for assessing and monitoring compliance with such policies and procedures; succession planning, both for the Board and for senior management.

The Board has developed a communications policy for the Company and is responsible for reviewing and assessing the effectiveness of such policy, together with all of the Company's corporate governance policies and practices, on a regular basis.

III. Specific Responsibilities and Duties

The Board's mandate includes the following specific duties and responsibilities:

1. Reviewing/approving any proposed changes to the Company's memorandum or articles.
2. Be responsible for, and take appropriate action with respect to, any take-over bid, proposed merger, amalgamation, arrangement, acquisition of all or substantially all of the assets or any similar form of business combination, including the approval of any agreements, circulars or other documents in connection therewith.
3. Approving any distributions to shareholders.
4. Approving any offerings, issuances or repurchases of share capital or other securities.
5. Approving the establishment of credit facilities and any other long-term commitments.
6. Selecting and appointing, evaluation of and (if necessary) termination of the CEO
7. Approving the compensation of the senior executive officers, including performance bonus plans and stock options.
8. Reviewing and approving annual operational budgets, capital expenditures and corporate objectives, and monitoring performance on each of the above.
9. Approving the financial statements and MD&A, and making a recommendation to shareholders for the appointment of auditors.
10. Assessing the contribution of the Board, committees and all directors annually, and planning for succession of the Board.
11. Arranging formal orientation programs for new directors, where appropriate.
12. Establishing measures for receiving feedback from shareholders.

IV. Composition

The Board of Directors shall be comprised with a majority of individuals who qualify as independent directors in accordance with the independence standards set forth in Multilateral Instrument 52-110 of the Canadian Securities Regulators ("**MI 52-110**"). The Board of Directors is presently composed of six (6) members.

In determining whether a particular Director is "independent", the Board of Directors shall examine the factual circumstances of each Director. When assessing whether a Director has a 'material relationship' with the Company that could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgment, the Board shall have regard to circumstances which are presumed to constitute a 'material relationship' under MI 52-110 and, beyond such circumstances, the test of whether a relationship or business interest is 'material' will be based on the nature, circumstances, and activities of a director.

V. Board Meetings Process

The powers of the Board may be exercised at a meeting for which notice has been given and at which a quorum is present or, in appropriate circumstances, by resolution in writing signed by all the directors.

Responsibility for Convening

Regular meetings of the Directors may be called and held at such time and at such place as the Board may by resolution from time to time determine. Any Director may call a meeting of the Board at any time.

Notice of Meeting

Reasonable notice of the time and place of each meeting shall be given by mail or by telephone or any other method of transmitting legibly recorded messages. Reasonable notice shall not be less than 48 hours. A notice of meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

Quorum

The quorum for the transaction of business at any meeting of the Board shall be a majority of directors or such other number of Directors as the Board may from time to time determine according to the articles of the Company.

Chairman

The Chairman of the board is elected annually at the first meeting of the Directors following the shareholders meeting.

Voting

At all meetings of the Board every resolution shall be decided by a majority of the votes cast on the resolution and in case of any equality of votes, the Chairman has a second or casting vote.

Order of Business

The Board shall endeavor to conduct its business effectively and efficiently. Accordingly, best efforts shall be made to provide Directors with the agenda and materials about 5 business days, and no less than 48 hours, ahead of time in order that they may arrive at the meeting fully prepared.

Board meetings shall normally proceed as follows:

- Review and approval of the minutes of the preceding meeting;
- Business arising from the previous minutes;
- Reports of committees;
- President's report, financial and operational reports;
- Other business;
- Setting the date and time of the next meeting; and
- Adjournment

Minutes of the meetings

A secretary should be named for each Board and committee meeting and minutes should be circulated at the latest one month after such meeting. Minutes of the committees meetings will be given to each Board member.

This Board of Directors Mandate was adopted by the Board of Directors of Ondine Biopharma Corporation on the 6th day of March, 2007.