

## CRITERIUM ENERGY LTD.

### CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE MANDATE AND TERMS

#### OF REFERENCE

##### **Establishment of Committee**

The board of directors (the "**Board**") of Criterium Energy Ltd. ("Criterium" or the "**Corporation**") hereby establishes a committee of the Board to be called the Corporate Governance and Compensation Committee (the "**Committee**").

##### **Role and Objective**

The purpose of the Committee is to assist the Board in fulfilling its responsibility by reviewing and making recommendations to the Board relating to the corporate governance and the human resource policies and compensation of the directors, officers and senior management of the Corporation and its subsidiaries in compliance with applicable law and in the context of the budget and business plan of the Corporation.

##### **Composition of Committee**

1. The Committee shall be comprised of at least two (2) directors of the Corporation. The majority shall be "independent" (as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (as amended from time to time)).
2. The Board shall appoint the members of the Committee. The Board shall appoint one of the members of the Committee to be the Chair of the Committee (the "**Chairman**").
3. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation. A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
4. The Secretary of the Corporation shall be the Secretary of the Committee.

##### **Specific Duties and Responsibilities**

To carry out its responsibilities, the Committee shall:

##### **Governance Matters**

1. Review on a periodic basis the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
2. Recommend to the Board a statement of corporate governance practices to be included in the Corporation's annual report or information circular if required by any regulatory authority;
3. make recommendations to the Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors;
4. review on a periodic basis the composition of the Board to ensure that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;

5. assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
6. recommend suitable candidates for nominees for election or appointment as directors, and recommend the criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors;
7. as required, develop, for approval by the Board, an orientation and education program for new recruits to the Board;
8. act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
9. develop and recommend to the Board for approval and periodically review structures and procedures designed to ensure that the Board can function effectively and independently of management;
10. review and periodically update a Code of Business Conduct and Ethics (the "Code") and ensure that management has established a system to monitor compliance with this code; and
11. review management's monitoring of the Corporation's compliance with the organization's Code.

#### ***Compensation Matters***

1. recommend to the Board with respect to officer and director compensation including review of management's recommendations for proposed share option or share purchase plans and other incentive-compensation plans and equity-based plans for officer and director compensation and make recommendations in respect thereof to the Board;
2. administer Criterium's stock option plan and any other equity incentive plan(s) (the "Incentive Plans") approved by the Board in accordance with its terms including recommend the grants of stock options or awards in accordance with the terms thereof;
3. determine and recommend for approval of the Board bonuses to be paid to officers and employees of Criterium and its subsidiaries, as applicable, and establish targets or criteria for the payment of such bonuses, if appropriate; and
4. if required by applicable securities laws, prepare and submit a report of the Committee for approval by the Board and inclusion in annual disclosure to be made by Criterium in the information circular – proxy statement and review other executive compensation disclosure before Criterium publicly discloses such information.

#### ***Meetings and Administrative Matters***

1. The Committee shall convene a minimum of once each year at such time and place as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the external auditors, or a senior officer of the Corporation.
2. Notice of each meeting of the Committee shall be given to each member, and shall:
  - (a) Be in writing.
  - (b) State the nature of the business to be transacted at the meeting in reasonable detail.
  - (c) To the extent practicable, be accompanied by copies of documentation to be considered at the meeting.

- (d) Be given at least forty-eight (48) hours' notice preceding the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
- 3. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
- 4. The Chairman will preside at all meetings of the Committee, unless the Chairman is not present, in which case the members of the Committee that are present will designate from among such members the Chairman for purposes of the meeting.
- 5. A quorum for meetings of the Committee will be a majority of its members. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference.
- 6. The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board.
- 7. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
- 8. At each regular meeting of the Committee, the agenda shall include an opportunity for the members of the Committee to meet *in-camera*.
- 9. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting.
- 10. Minutes of the meetings of the Committee shall be retained by the Secretary of the Corporation and shall be available, on request, to any member of the Board.
- 11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Chairman of the Committee.