



## COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

### TERMS OF REFERENCE

*Adopted by the Board of Directors on December 21, 2006 and amended November 12, 2009  
(Name Change from Kulczyk Oil Ventures Inc. to Serinus Energy Inc. on June 24, 2013)*

#### A. PURPOSE

The overall purpose of the Compensation and Corporate Governance Committee (the "**Committee**") is to implement and oversee human resources and compensation policies approved by the Board of Directors (the "**Board**") of Serinus Energy Inc. (the "**Corporation**") and to provide a focus on corporate governance that will enhance corporate performance, and to ensure on behalf of the Board and shareholders of the Corporation that the Corporation's corporate governance system is effective in the discharge of its obligations to the Corporation's stakeholders.

#### B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of not less than three members of the Board, all of whom shall be "independent", within the meaning of National Instrument 52-110 *Audit Committees*.
2. The Board, at its organizational meeting held in conjunction with each annual general meeting of shareholders of the Corporation, shall appoint the members of the Committee for the ensuing year. If the Board shall fail to do so, persons who were members of the Committee immediately preceding the most recent annual meeting of shareholders of the Corporation, provided they continue to be directors of the Corporation and remain qualified to serve on the Committee, shall be deemed to be reappointed to the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair (the "**Chair**") from amongst their number.
4. The Chair will provide leadership to the Committee and will lead the Committee in fulfilling the duties set out in its mandate.
5. The Chair's duties will be to:



- a) provide overall leadership to enhance the effectiveness of the Committee;
- b) take all reasonable steps to ensure that the responsibility and duties of the Committee, as outlined in its mandate, are well understood by the Committee members and executed as effectively as possible;
- c) foster ethical and responsible decision making by the Committee and its individual members;
- d) provide effective Committee leadership, overseeing all aspects of the Committee's direction and administration in fulfilling the terms of its mandate;
- e) oversee the structure, composition, membership and activities delegated to the Committee;
- f) ensure that the Committee meets at least two times annually and as many additional times as is necessary to carry out its duties effectively;
- g) establish the agenda for each Committee meeting;
- h) chair all meetings of the Committee, including closed sessions and "*in camera*" sessions; provided, however, that if the Chair is not present at a meeting, the Committee members present will choose a Committee member to chair the meeting;
- i) encourage Committee members to ask questions and express viewpoints during meetings;
- j) deal effectively with dissent and work constructively towards arriving at decisions and achieving consensus;
- k) ensure that the Committee meets in separate, regularly scheduled, non-management, closed sessions with internal personnel or outside advisors, as necessary;
- l) ensure that the Committee meets in separate, regularly scheduled, non-management, "*in camera*" sessions;
- m) following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee;



- n) ensure that Committee materials are available to any director of the Corporation on request;
  - o) take all reasonable steps to ensure that Committee members receive written information and are exposed to presentations from management to fulfill the Committee mandate;
  - p) have an effective working relationship with members of management;
  - q) ensure that a performance evaluation of the Committee and the Chair is conducted, soliciting input from all Committee members, other directors and appropriate members of management;
  - r) ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently;
  - s) retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities; and
  - t) carry out any other appropriate duties and responsibilities assigned by the Board or delegated by the Committee.
6. The Chair shall appoint a secretary for each meeting to keep minutes of such meeting. The minutes of the Committee will be in writing and duly entered into the books of the Corporation and shall be available to all members of the Board.
  7. The Committee shall meet regularly each year on such dates and at such locations as the Chair shall determine and may also meet at any other time or times on the call of the Chair or any other member of the Committee.
  8. Any two directors of the Corporation may request the Chair to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the Chair.
  9. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
  10. Notices calling meetings shall be sent to all Committee members, to the Chief Executive Officer, to the Chairman, the Vice Chairman and to the other directors.



11. The Committee shall have access to such officers and employees of the Corporation and to such information respecting the Corporation and to engage outside advisors, including independent compensation consultants, at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

### **C. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall be:

#### **General**

1. To review and assess the adequacy of these terms of reference annually and submit to the Board such amendments as the Committee considers appropriate;

#### **Compensation Matters**

2. To recommend to the Board human resources and compensation policies and guidelines for application to the Corporation;
3. To ensure that the Corporation has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management including the annual receipt of the Chief Executive Officer's current recommendations;
4. To recommend for approval to the Board the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer, with reference to corporate goals and objectives, and to approve compensation for all other designated officers of the Corporation designated by the Board after considering the recommendations of the Chief Executive Officer, all within the human resources and compensation policies and guidelines approved by the Board;
5. To establish procedures to ensure that no individual is directly involved in deciding his or her own compensation;
6. To implement and administer human resources and compensation policies approved by the Board concerning the following:
  - a) executive compensation, contracts, stock option or other incentive plans; and
  - b) proposed personnel changes involving officers reporting to the Chief Executive Officer;



7. From time to time, to review the Corporation's broad policies and programs in relation to pension benefits;
8. To annually receive from the Chief Executive Officer recommendations concerning annual compensation policies and budgets for all employees;
9. To consider, on an annual basis, the Corporation's incentive compensation plans and equity compensation plans;
10. From time to time, to review with the Chief Executive Officer the Corporation's broad policies on compensation for all employees;
11. To annually review the adequacy and form of the compensation of directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director of the Corporation, and to report and make recommendations to the Board accordingly;
12. To report regularly to the Board on all of the Committee's activities and findings during the year;
13. To review annually the directors' and officers' insurance policy applicable the Corporation and making recommendations for its renewal or amendment or the replacement of the insurer;
14. To administer all policies or agreements of the Corporation with respect to the indemnification of the directors and management of the Corporation;
15. To develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board within a reasonable period of time following each annual general meeting of shareholders of the Corporation;
16. To review the Corporation's executive compensation disclosure before same is publicly disclosed;

### **Corporate Governance Matters**

17. To develop and monitor the Corporation's overall approach to corporate governance issues and, subject to approval by the Board, to implement and administer a system of corporate governance which reflects superior standards of corporate governance practices;



18. To report annually to the Corporation's shareholders, in accordance with applicable corporate and securities law, on the Corporation's system of corporate governance;
19. To analyze and report to the Board as to the independence of each director and as to the number, and the appropriateness of the number, of independent directors who are unrelated to any control person or significant shareholder of the Corporation;
20. To advise the Board or any of the committees of the Board, as applicable, of any corporate governance issues which the Committee determines ought to be considered by the Board or any such committee;
21. To review with the Board, on a regular basis, but not less than annually, the role of the Board, the terms of reference of each of the committees of the Board and the methods and processes by which the Board fulfills its duties and responsibilities, including, without limitation:
  - a) the size of the Board, with a view to facilitating effective decision making;
  - b) the number and content of meetings, including the number of meetings of the independent directors and the individual committees of the Board;
  - c) the schedule of issues to be presented to the Board at its meetings or those of its committees;
  - d) material which is to be provided to the directors generally and with respect to meetings of the Board or its committees;
  - e) the commitment of the directors;
  - f) the resources available to directors; and
  - g) the communication process between the Board and management;
22. To propose to the Board, annually, the assignment of members to the committees of the Board and the chair for each committee;
23. To establish procedures to ensure directors have access to sufficient and relevant information in a timely manner;
24. To recommend to the Board a system which enables a committee or an individual director to engage separate independent counsel and advisors at the expense of the



Corporation in appropriate circumstances and, upon the approval by the Board of such a process, to be responsible for the management and administration thereof;

25. Whenever the chair of the Board is also the Chief Executive Officer of the Corporation, to establish practices and procedures to permit the Board to act independently, including to approve all agendas for meetings of the Board of Directors and to act as a forum for concerns of individual directors regarding matters not readily or easily brought to a full Board meeting for discussion;
26. To establish and monitor procedures for administering the relationship of the Board with management and ensuring that the Board can function independently of management and ensuring that the chair of each committee of the Board has unimpeded access to management;
27. To develop a position description for the Chief Executive Officer;
28. To establish and administer a process (including a review by the full Board and discussion with management) for assessing the effectiveness and contribution of each director, the Board as a whole and the committees of the Board;
29. In consultation with the Board, on an annual basis, to establish criteria for Board membership and recommend Board nominees and composition, with reference to the guidelines set forth in National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”);
30. To assess the performance and contribution of individual directors;
31. To oversee the evaluation of the Board and the officers of the Corporation;
32. To propose to the Board, annually, the members proposed for re-election to the Board and identify and recommend new nominees for the Board;
33. To ensure that there is in place an education and orientation program for new members of the Board and a continuing education program for all directors and to maintain a Board manual;
34. To have in place procedures to effectively deal with conflicts of interest, having regard to NP 58-201;



35. To establish and monitor procedures to ensure that the Board is made aware of current and evolving legislation, regulations and guidelines relating to corporate governance issues applicable to reporting issuers;
36. To develop a calendar of activities to be undertaken by the Committee for each ensuing year related to corporate governance matters and to submit the calendar in the appropriate format to the Board within a reasonable period of time following each annual general meeting of shareholders of the Corporation; and
37. Undertaking such other corporate governance initiatives as may be necessary or desirable to enable the Board to:
  - (a) provide effective corporate governance for the Corporation;
  - (b) contribute to the success of the Corporation; and
  - (c) enhance value for securityholders of the Corporation.