



## **GOVERNANCE AND COMPENSATION COMMITTEE MANDATE AND TERMS OF REFERENCE**

The Governance and Compensation Committee (the "**Committee**") of the board of directors (the "**Board**") of Bengal Energy Ltd. (the "**Corporation**") shall have the oversight responsibility, authority and specific duties as described below.

### **I. COMPOSITION**

- A. The Committee will be comprised of three or more directors of the Corporation as determined by the Board, all members of the Committee shall be "independent" (as such term is defined for purposes of National Policy 58 201 – *Corporate Governance Guidelines* and under the Company Manual of the Toronto Stock Exchange).
- B. Members of the Committee shall be appointed by the Board. Each member shall serve until his successor is appointed, unless he shall resign or be removed by the Board or he shall otherwise cease to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Committee is less than three directors.
- C. The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership.

### **II. COMMUNICATION, EXPENSES AND AUTHORITY TO ENGAGE ADVISORS**

- A. The Committee shall have access to such officers and employees of the Corporation, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- B. The Committee, through its Chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee, on a confidential basis, any matter involving the matters which the Committee's Mandate and Terms of Reference may cover.
- C. The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Corporation's expense.
- D. The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

### **III. MEETINGS AND RECORD KEEPING**

- A. Meetings of the Committee shall be conducted as follows:
- (a) the Committee shall meet at least once annually at such times and at such locations as the Chair of the Committee shall determine;
  - (b) the Chair of the Committee shall preside as chair at each Committee meeting and lead Committee discussion on meeting agenda items;
  - (c) the quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;
  - (d) if the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting;
  - (e) the Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to circulate properly prepared agenda materials to the Committee with sufficient time for study prior to the meeting;
  - (f) every question at a Committee meeting shall be decided by a majority of the votes cast; in the event of a tie vote on any matter, such matter shall be presented to the Board for its consideration and determination;
  - (g) the Chief Executive Officer (the "**CEO**") of the Corporation shall be available to advise the Committee, shall receive notice of meetings and may attend meetings of the Committee at the invitation of the Chair of the Committee. Other management representatives shall be invited to attend as necessary; and
  - (h) a Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.
- B. The Committee shall provide the Board with a copy of the minutes of such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All material information reviewed and discussed by the Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

### **IV. RESPONSIBILITIES**

The Committee is part of the Board. Its primary functions are: (i) the oversight of the overall human resources policies and procedures including all compensation matters of the Corporation; (ii) developing the approach of the Corporation to matters concerning corporate governance, including in respect of the recruitment of new members of the Board; and (ii) reviewing and making recommendations to the Board in respect of such matters.

## V. SPECIFIC DUTIES

### A. *Compensation Matters*

The Committee shall:

- (a) assist the directors in meeting their responsibilities in respect of overall human resources policies and procedures including recruitment, performance management, compensation, benefit programs, resignation/terminations, training and development, succession planning and organizational planning and design;
- (b) in consultation with the Board, review and approve corporate goals and objectives relevant to the CEO's and President's compensation, undertake an annual performance review with the CEO and President evaluating their performance in light of those corporate goals and objectives and review their appraisals of the performance of the remaining officers of the Corporation;
- (c) review the compensation philosophy and remuneration policy for employees of the Corporation and to recommend to the Board changes to improve the Corporation's ability to recruit, retain and motivate employees;
- (d) review and recommend to the Board the retainer and fees to be paid to members of the Board and the Chairperson of the Board;
- (e) recommend to the Board with respect to non-CEO officer and director compensation including to review management's recommendations for proposed stock option or other incentive compensation plans and equity based plans for non CEO officer and director compensation and make recommendations in respect thereof to the Board;
- (f) administer the stock option plan, share purchase plan and other incentive plans (collectively, the "**Incentive Plans**") approved by the Board in accordance with their respective terms including recommending (and if delegated authority thereunder, approve) the grant of stock options or other incentives under the Incentive Plans in accordance with the terms thereof;
- (g) determine and recommend for approval of the Board bonuses to be paid to officers and employees of the Corporation and its subsidiaries, as applicable, and to establish targets or criteria for the payment of such bonuses, if appropriate;
- (h) strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee and management; and
- (i) prepare and submit a report of the Committee to the Board for approval of the Board and inclusion of annual disclosure required by applicable securities laws to be made by the Corporation including the Compensation Committee Report required to be included in the information circular - proxy statement of the Corporation and review other executive compensation disclosure before the Corporation publicly discloses such information.

### B. *Corporate Governance Matters*

The Committee shall:

- (a) review annually 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;
- (b) consider and, if thought fit, approve requests from directors or committees of directors of the engagement of special advisors from time to time;
- (c) prepare and recommend to the Board annually a statement of corporate governance practices to be included in the Corporation's annual report or information circular as required by the Toronto Stock Exchange and any other applicable regulatory authority;
- (d) review on a periodic basis the composition of the Board and ensuring that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;
- (e) assess, at least annually, 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;
- (f) make recommendations to the Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors pursuant to any such report or circular;
- (g) recommend suitable candidates for nominees for election or appointment as directors, and recommending the criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors and in making such recommendations, the Committee should consider:
  - (i) the needs of the Corporation and its stage of development the competencies and skills that the Board considers to be necessary for the Corporation and the Board, as a whole, to possess;
  - (ii) the competencies and skills that the Board considers each existing director to possess;
  - (iii) the competencies and skills each new nominee will bring to the boardroom; and
  - (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board;
- (h) as required, develop, for approval by the Board, an orientation and education program for new recruits to the Board
- (i) to 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;
- (j) 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;

- (k) make recommendations to the Board regarding appointments of corporate officers and senior management;
- (l) review and consider the engagement at the expense of the Corporation of professional and other advisors by any individual director when so requested by any such director;
- (m) establish, review and update periodically a Code of Business Conduct and Ethics (the "**Code**") and ensure that management has established a system to monitor compliance with the Code; and
- (n) review management's monitor of the Corporation's compliance with the Code.

## **VI. REVIEW OF MANDATE AND TERMS OF REFERENCE**

The Committee shall review and assess this Mandate and Terms of Reference annually and otherwise as it deems appropriate and recommend changes to the Board. Such review shall include the evaluation of the performance of the Committee against the criteria defined in this Mandate and Terms of Reference and the Mandate and Terms of Reference of the Board.

Dated: March 28, 2018