

## **SURGE ENERGY INC.**

### **COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

#### **MANDATE AND TERMS OF REFERENCE**

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

The Compensation, Nominating and Corporate Governance Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Surge Energy Inc. ("**Surge**" or the "**Corporation**") to which the Board has delegated the responsibility for (i) reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Corporation and its subsidiaries in the context of the budget and business plan of the Corporation, (ii) identifying new individuals qualified to become Board members, and (iii) developing the approach of the Corporation to matters concerning corporate governance and, from time to time, shall review and make recommendations to the Board as to such matters.

##### **Membership of the Committee**

1. The Committee shall be comprised of at least three (3) directors of Surge or such greater number as the Board may determine from time to time and the majority of the members of the Committee shall be "independent" (as such term is defined for purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices).
2. The Board may from time to time designate one of the members of the Committee to be the Chair of the Committee.

##### **Mandate and Responsibilities of the Committee**

1. The Committee shall formulate and make recommendations to the Board in respect of (i) compensation issues relating to directors, officers and, to the extent determined appropriate, employees of the Corporation, (ii) nominees for election or appointment as directors, and (iii) corporate governance issues. Without limiting the generality of the foregoing and in addition to any other duties and authorities delegated to it by the Board from time to time, the Committee will have the authority and responsibility for the following duties:
  - (a) to review the compensation philosophy and remuneration policy for officers of the Corporation and to recommend to the Board changes to improve the Corporation's ability to recruit, retain and motivate officers;
  - (b) to review and recommend to the Board the retainer and fees to be paid to members of the Board;
  - (c) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("**CEO**"), evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the Board with respect to) the CEO's compensation level based on such evaluation;
  - (d) to recommend to the Board with respect to non-CEO officer and director compensation including to review management's recommendations for proposed stock incentive, share purchase plans and other incentive-compensation plans and equity-based plans for

non-CEO officer and director compensation and make recommendations in respect thereof to the Board;

- (e) to administer the stock incentive plan approved by the Board in accordance with its terms including the grant of stock options in accordance with the terms thereof;
- (f) to determine and recommend for approval of the Board bonuses to be paid to officers and employees of the Corporation and to establish targets or criteria for the payment of such bonuses, if appropriate;
- (g) to prepare and submit a report of the Committee for 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;
- (h) annually review 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;
- (i) to consider and, if thought fit, approve requests from directors or committees of directors of the engagement of special advisors from time to time;
- (j) to 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 all of the stock exchanges on which the shares of the Corporation are listed and any other regulatory authority;
- (k) to 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;
- (l) to review on a periodic basis the involvement of the directors of the Corporation as directors or officers of other issuers for purposes of required disclosure in accordance with applicable securities laws and to evaluate actual or potential conflicts of interest;
- (m) to review on a periodic basis the composition of the Board and 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;
- (n) to assess, at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to the Board), including considering the appropriate size of the Board;
- (o) to 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 and in making such recommendations, the Committee should consider:
  - (i) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;

- (ii) the competencies and skills that the Board considers each existing director to possess;

3

- (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;
- (o) as required, develop, for approval by the Board, an orientation and education program for new recruits to the Board;
- (p) 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;
- (q) to 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;
- (r) make recommendations to the Board regarding appointments of corporate officers and senior management;
- (s) review annually the Committee's Mandate and Terms of Reference;
- (t) to 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;
- (u) 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
- (v) review management's monitoring of the Corporation's compliance with the Code.

### **Meetings and Administrative Matters**

1. 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.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present will designate from among the members present the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least one time per year and at such other times as the Chair of the Committee may determine. The Committee shall meet for a portion of each meeting without non-independent directors and management participation.
5. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

6. The Committee may invite such officers, directors and employees of the Corporation as it may see 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.
7. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
8. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
9. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as two members remain on the Committee. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
10. 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 Committee Chair.