



Compensation Committee Terms of Reference

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Cequence Energy Ltd. (the "Corporation") shall have the oversight responsibility, authority and specific duties as described below.

Composition

The Committee will be comprised of three or more directors as determined by the Board, none of whom shall be an officer or employee of the Corporation or any subsidiary of the Corporation. In addition, a majority of the Committee members shall satisfy the independence and experience requirements, if any, of applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the Board with the assistance of the Corporate Governance and Nominating Committee, if requested by the Board.

Members of the Committee shall be appointed by the Board. The Corporate Governance and Nominating Committee of the Board shall recommend to the Board directors who are eligible to fill vacancies on the Committee. 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.

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.

Communication, Authority to Engage Advisors and Expenses

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.

The Committee, through its Chair, may directly contact 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 terms of reference may cover.

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.

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.

Operation, Meetings and Record Keeping

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.

Meetings of the Committee shall be conducted as follows:

- the Committee shall meet at least once annually at such times and at such locations as the Chair of the Committee shall determine provided that one of the meetings shall be scheduled following preparation of the annual financial statements and reserves evaluation for the purpose of determining bonuses in respect of the immediately preceding financial year;
- the Chair of the Committee shall preside as chair at each Committee meeting and lead Committee discussion on meeting agenda items;
- 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;
- a resolution in writing, signed by all of the members of the Committee, is as valid as if it had been passed at a meeting of the Committee;
- 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;
- the Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting;
- every question at a Committee meeting shall be decided by a majority of the votes cast;
- the President and Chief Executive Officer and the Vice President, Finance and Chief Financial Officer shall be available to advise the Committee, shall receive notice of all meetings of the Committee and may attend meetings at the invitation of the Chair of the Committee. Other management representatives may be invited to attend as necessary; and
- 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.

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from 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 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.

Responsibilities

The Committee is part of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities with respect to human resources policies and executive compensation matters. In addition, the Committee shall review the compensation of directors and the overall compensation policies of the Corporation.

Specific Duties

The Committee shall:

- review and recommend for approval by the Board, the Corporation's key human resources policies;

- review and recommend for approval by the Board, the executive compensation philosophy and remuneration policy for the Corporation;
- evaluate annually the performance of the President and Chief Executive Officer and recommend to the Board his annual compensation package and performance objectives;
- review annually and recommend to the Board the annual compensation package and performance objectives of the other executive officers;
- annually determine and recommend to the Board any bonuses to be paid and, if requested by the Board, determine and recommend any special bonuses to be paid;
- review and recommend to the Board any significant changes to the overall compensation program;
- review the adequacy and form of the compensation of directors periodically to determine if the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly;
- report annually to the Corporation's shareholders on executive compensation;
- at the request of the Board, review the grants of securities under the stock option plan, restricted share unit plan or any other incentive compensation plan or equity-based plan; and
- perform any other activities consistent with this mandate, the Corporation's by-laws and governing laws as the Committee or the Board deems necessary or appropriate.

Review of Terms of Reference

The Corporate Governance and Nominating Committee shall review and reassess the adequacy of these terms of reference at least 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 criteria defined in the Committee and Board terms of reference.