



Corporate Governance and Nominating Committee Terms of Reference

The Corporate Governance and Nominating 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.

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.

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, Expenses and Authority to Engage Advisors

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

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;

- 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; in the event of a tie vote on any matter, such matter shall be presented to the Board for its consideration and determination;
- the President and Chief Executive Officer (the "CEO") 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 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.

Responsibilities

The Committee is part of the Board. The Committee has been established for two main reasons. Firstly, the Committee has been established to assist the Board in fulfilling its oversight responsibilities in relation to the corporate governance practices and policies with respect to the Corporation. Secondly, the Committee has been established to recommend to the Board new candidates for election to the Board and recommend to the Board the new director nominees for each annual meeting of shareholders of the Corporation and nominees for election to fill vacancies on the Board and to address related matters.

Specific Duties

Corporate Governance Functions

The Committee shall:

- consider the corporate governance practices of the Corporation, monitor developments in corporate governance issues and make recommendations to the Board that the Committee considers advisable to satisfy itself that the Corporation follows appropriate and proper corporate governance practices;

- assess the functioning and effectiveness of the Board and its individual members on an annual basis and report to the Board its findings;
- assess, from time to time, the need for, and the performance and suitability of, the committees of the Board and their individual members, and make recommendations with respect thereto (including matters such as the appointment, removal or replacement of committee members and committee chairs) to the Board;
- develop and review on an annual basis the mandates for the Board, the committees of the Board and the position descriptions for the Chairman and CEO and make recommendations to the Board with respect thereto;
- review and recommend to the Board the Code of Business Conduct and Ethics for directors, officers and employees of the Corporation (the "Code") and its procedures;
- monitor compliance with the Code and regularly report to the Board, including the status of complaints received from investigations conducted, as well as on employee training;
- assess the effectiveness of the working relationship and communications between the Board and management of the Corporation and satisfy itself that any issues relating to governance which are identified by the Board are raised with management;
- review, at the request of the Board, all significant proposed related party transactions and situations involving a potential conflict of interest;
- review Board structures and procedures to be satisfied that the Board functions independently of management;
- assess the availability, relevance and timeliness of information required by the Board; and
- review and recommend for approval of the Board, the annual corporate governance disclosure of the Corporation in its Annual Information Form, Information Circular and/or Annual Report.

Board Nomination Functions

The Committee shall:

- work with the Board to determine the competencies and skills the Board considers necessary for the Board, as a whole, to possess;
- work with the Board to determine the competencies and skills the Board considers each existing director to possess;
- identify potential Board members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity, such assessment will include a consideration of diversity, age, skills, competencies and experience in the context of the needs of the Board;
- make recommendations to the Board with respect to nominees for election at the next annual meeting of shareholders or to be appointed to fill vacancies between annual meetings of the shareholders;
- approach nominees to ascertain their willingness to serve as a member of the Board;

- consider, when suggesting new nominees, whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board, including a review of other boards of which the nominee is a member;
- make recommendations to the Board as to the allocation of directors to each Board committee, including recommendations for filling any vacancies on such committees;
- ensure there is a succession plan for the position of Chairman of the Board and the Corporation's Chief Executive Officer and for the appointment, training and monitoring of senior management; and
- review and make recommendations regarding the comprehensive orientation of new directors and provide continuing education opportunities for all directors so they may maintain or enhance their skills and abilities as directors as well as to ensure their knowledge and understanding of the Corporation's business remains current.

Review of Terms of Reference

The 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.