



SEVEN GENERATIONS  
E N E R G Y

## SEVEN GENERATIONS ENERGY LTD. HUMAN RESOURCES AND COMPENSATION COMMITTEE MANDATE

### Section 1 Purpose

The Human Resources and Compensation Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Seven Generations Energy Ltd. (the “**Corporation**”). The primary function of the Committee is to assist the Board by:

- (a) reviewing and approving the Corporation’s goals and objectives, and structuring, reviewing and approving and then recommending to the Board the compensation of the Chief Executive Officer (“**CEO**”) and other members of the senior management team in light of those goals and objectives;
- (b) administering the Corporation’s compensation plans for senior management, including stock-based compensation and such other compensation plans or structures as are adopted by the Corporation from time to time;
- (c) providing broad oversight of the Corporation’s compensation strategy including a charge to ensure that the Corporation is able to secure and, maintain employment of and, train and develop the skills of persons with the talent to enable the Corporation to meet its business objectives and execute its business strategies;
- (d) assessing the performance of the CEO and other key personnel; and
- (e) regularly reviewing the Corporation’s succession plans and succession planning process with a view to ensuring that the Corporation rigorously manages the risk of loss of key personnel and manages talent development to ensure there is access to a talent pipeline.

### Section 2 Composition and Meetings

- (a) The Committee shall be appointed by the Board and be comprised of at least three (3) directors of the Corporation, each of whom shall be “independent” for the purposes of National Policy 58-201 – *Corporate Governance Guidelines* and shall be (or shall become within a reasonable period of time after appointment) familiar with recent compensation practices and with the Corporation’s compensation and staffing policies and programs.
- (b) The Chair of the Board may be a full member of the Committee. If he or she is not a member of the Committee, he or she will nonetheless be entitled to

attend and participate (except if he or she is conflicted) in the discussion of meetings of the Committee. The Chair of the Board will have a vote as to Committee matters if and only if he or she is a member of the Committee.

- (c) The members of the Committee and its Chair shall be elected by the Board on an annual or more frequent basis as the Board deems appropriate. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
- (d) The members of the Committee shall not solicit members of the Corporation's management team while they are on the Board. Committee members shall declare a conflict and abstain from voting if they are presented with a hiring decision or a compensation decision in respect of a candidate, if they are aware that another company is also competing for the same candidate through their role as a member of the board of directors or a board committee of another company.
- (e) The members of the Committee may be removed or replaced by the Board at any time. The Chair may be removed by the Board or the Committee, in consultation with the Board, at any time. Any member shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee or expand or contract the Committee provided that it always contains, at least, three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as the Committee members are duly notified of any meeting, and a quorum, being at least half, of the remaining members are in attendance.
- (f) The Committee may delegate any or all of its functions to any of its members or any sub-set thereof, or other persons, from time to time as it sees fit.
- (g) The Committee shall meet at least two times per annum or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information it deems appropriate for the purpose of fulfilling its role.
- (h) The Committee may, if considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants, outside compensation specialists or other experts and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of the Corporation) the compensation for any such advisors.
- (i) At all meetings of the Committee every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote. Any issue not

resolvable by a majority of the non-conflicted members of the Committee at a properly convened meeting of the Committee will be referred, for resolution, to the Board as a whole.

- (j) A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee.
- (k) Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chair of the Board, the CEO, the President, the Chief Financial Officer or the Corporate Secretary shall also be entitled to call a meeting.
- (l) Agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings. Minutes of each meeting will be recorded and circulated to directors who are not members of the Committee or otherwise made available at subsequent meetings of the Board.
- (m) Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.

### **Section 3      Role**

In addition to the matters described in Section 1, and any other duties and authorities delegated to it by the Board from time to time, the role of the Committee is to:

#### **(1)      *General***

- (a) Review and recommend to the Governance and Nominating Committee changes to this Mandate, as considered appropriate from time to time.
- (b) Review and make recommendations to the Board on the Corporation's general compensation philosophy and oversee the development and administration of compensation programs.
- (c) Review and make recommendations to the Board on such other human resources and compensation matters, as are considered appropriate from time to time.
- (d) The mandate to review is without power to demand change. The power to demand change is a broader corporate right that the Board should hold unto itself as a whole.

(2) *Review and Recommendation of Compensation*

- (a) Review senior management compensation policies and/or practices followed by the Corporation and seek to ensure such policies are designed to recognize and reward performance and establish a compensation framework, which results in the effective development and execution of a Board-approved strategy. To be effective, the strategy will result in creation of value over the long term while always preserving the Corporation's license to conduct its business among its various stakeholders. For the purpose of this clause, "stakeholder" will mean any party, group or institution whose reasonable approval is required for the Corporation to execute its Board-approved strategy.
- (b) Seek to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect industry-competitive cash compensation relative to corporate performance and considering individual performance in the context of the overall performance of the Corporation. Overall performance should be measured by the degree that the Corporation's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian oil and gas companies of a similar size in general and also the Canadian oil and gas companies with the most similar scope of business) differentiate. Participation in stock-based compensation should reflect the level of responsibility and level of contribution of participants within the Corporation.
- (c) Annually evaluate the Corporation's and the senior management's performance by the degree that the Corporation's strategy (as proposed and justified by management and modified and approved by the Board) and value growth performance (as compared to its peers including other Canadian public companies of a similar size and other Canadian oil and gas companies of a similar size in general and also the Canadian oil and gas companies with the most similar scope of business) differentiate.
- (d) Annually review and recommend to the Board an evaluation of the performance of senior management and provide recommendations for annual compensation based on such evaluation and other appropriate factors, including industry competitiveness relative to position descriptions and Corporate and individual performance.

(3) *Compensation Programs*

- (a) Administer any stock-based compensation plan and such other compensation plans or structures for non-senior management employees as are adopted by the Corporation from time to time in accordance with the terms of the applicable plan or structure, including the recommendation to the Board of

the grant of stock options or other compensation in accordance with the terms of the applicable plan or structure.

- (b) Regularly review all incentive compensation plans and stock-based plans and, in the Committee's discretion, make recommendations to the Board for consideration.
- (c) Review employee benefit plans and reports and, in the Committee's discretion, make recommendations to the Board for consideration.

**(4) *Compensation Risk Oversight***

- (a) Provide risk oversight in respect of the Corporation's compensation policies and practices.
- (b) Identify any compensation policies or practices that could encourage senior management or other individuals in a principal business unit or a division of the Corporation to take inappropriate or excessive risks.
- (c) Identify any other risks that may arise from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

**(5) *Report on Senior Management Compensation***

- (a) Oversee and approve a report prepared by management on senior management compensation on an annual basis in connection with the preparation of the annual management information circular or as otherwise required pursuant to applicable securities laws.
- (b) To the extent applicable, the report on senior management compensation should describe the process undertaken by the Committee and should speak to evaluation criteria considered in determining compensation for each member of senior management.
- (c) Review in advance all proposed senior management compensation disclosure.

**(6) *Human Resources Matters***

- (a) Review annually the effectiveness of the CEO, and in consultation with the CEO, other senior management and other executive officers, including his or her contributions, performance and qualifications.
- (b) Review management's recommendations regarding the appointment of members of the senior management team and other executive officers, including the terms and conditions of their appointment and termination or retirement, and make recommendations to the Board for their consideration and approval.

- (c) Review on a periodic basis with the Board, the Corporation's senior management succession plans and development programs designed to prepare senior personnel for future senior management positions in the Corporation.
  - (d) The Committee shall review the Corporation's human capital strategy and organizational culture, including any critical employee matters and their alignment with the Corporation's business strategy.
  - (e) Review management's assessment of the Corporation's significant human resources risks and the effectiveness of its human resources programs to manage those risks. This oversight should include a workforce plan that considers how the Corporation's human resources align with the Corporation's business risk profile.
  - (f) Develop, for review and approval of the Board, a written position description for the CEO and any other senior management roles, as the Committee sees fits.
  - (g) Consider such other human resources matters as are delegated to the Committee by the Board, for review or recommendation, as considered appropriate from time to time.
- (7) *Share Ownership Policies*
- (a) Periodically review the policy on mandatory share ownership for senior management of the Corporation and, in the Committee's discretion, recommend any changes to the Board for consideration.
  - (b) Monitor senior management's compliance with the share ownership policy.
- (8) *Reporting Process*
- (a) Review and submit to the Board, as a whole, recommendations concerning senior management compensation and compensation plan matters. Such reports may be oral or in writing. Unless such matters are delegated specifically to the Committee, the Committee shall only make recommendations to the Board for their consideration and approval, if appropriate. The Board will then have the authority to instruct management to implement the Board's directives.