



CORPORATE GOVERNANCE & COMPENSATION COMMITTEE TERMS OF REFERENCE



**GRANITE OIL CORP.
(the "Corporation")**

1. Composition And Process

- (a) This Committee shall be composed of at least three individuals appointed by the Board of Directors of the Corporation (the "**Board**") from amongst its members, all of which members will be independent within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 Audit Committees (as set out in the Corporation's Director Independence Policy). "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.
- (b) Members shall serve one year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
- (c) The Chairperson shall be a director appointed by the Board for a one year term and may serve any number of consecutive terms.
- (d) The Chairperson shall, in consultation with management and the members of the Committee, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting.
- (e) The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee members with copies to the Board and the Chief Executive Officer, or such other officer acting in that capacity ("**CEO**").

2. Authority

- (a) Appointed by and reporting to the Board.
- (b) The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary, including the engagement and compensation of outside advisors, to carry out its responsibilities.

3. Responsibilities

- (a) In respect of compensation matters, to review and provide recommendations to the Board on the following matters:
 - (i) Compensation policies and guidelines for supervisory and management personnel of the Corporation and its related entities;
 - (ii) Corporate benefits, bonuses and other incentives, including stock options;
 - (iii) Reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on this evaluation;

- (iv) Non-CEO officer and director compensation, incentive compensation plans and equity-based plans;
 - (v) The review of executive compensation disclosure before the Corporation publicly discloses such information;
 - (vi) Succession plans for the officers and for key employees of the Corporation; and
 - (vii) Any material changes or trends in human resources policy, procedure, compensation and benefits.
- (b) In respect of corporate governance matters, to review and provide recommendations to the Board on the following matters:
- (i) Preparing the Corporation's response to applicable securities laws or stock exchange rules when required, and explaining as required any differences between the Corporation's governance system and policies and the recommended governance standards by securities regulators;
 - (ii) Developing and monitoring the Corporation's general approach to corporate governance issues as they may arise;
 - (iii) Proposing changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities and ensuring that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness;
 - (iv) Ensuring that all members of the Board have been informed of and are aware of their duties and responsibilities as a director of the Corporation;
 - (v) Ensuring that the Corporation has in effect adequate policies and procedures to allow the Corporation to meet all of its continuous disclosure requirements;
 - (vi) Ensuring that the Corporation has in effect adequate policies and procedures to identify and manage the principal risks of the Corporation's business;
 - (vii) Developing and monitoring the Corporation's policies relating to trading in securities of the Corporation by insiders as well as communication and confidentiality;
 - (viii) Annually reviewing areas of potential personal liability of directors and ensuring reasonable protective measures are in place;
 - (ix) Causing the Board to annually review its definition of an "independent" director;
 - (x) Developing written corporate governance guidelines and mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Corporation and considers (i) measures for receiving feedback from stakeholders and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials;
 - (xi) Developing clear position descriptions for the Chairman of the Board and the Chair of each Board Committee, and together with the CEO, developing a clear

position description for the CEO, which includes delineating management's responsibilities and developing the corporate goals and objectives that the CEO is responsible for meeting;

- (xii) Assessment of the Board, its committees and each individual director in respect of effectiveness and contribution;
- (xiii) Developing a comprehensive orientation and continuing education program for all directors;
- (xiv) Developing a written code of business conduct and ethics that is applicable to all directors, officers and employees of the Corporation; and
- (xv) Periodically considering the need for special policies of the Corporation, initiated by the Board, in unique or emerging policy areas such as corporate ethics, gender equality and sexual harassment.

4. Meetings

- (a) The Committee will meet at least twice per year. In addition, the independent directors of the Committee will consider holding regularly scheduled meetings (or holding *in camera* sessions at regular Board meetings) at which non-independent directors and members of management are not in attendance. All meetings will be scheduled to permit timely consideration of topics or responsibilities. Additional meetings may be held as deemed necessary by the Chairperson of the Committee or as requested by any member of the Committee.
- (b) A quorum at meetings of the Committee shall be its Chairperson and one of its other members or the Chairman of the Board. The Committee may hold its meetings, and members of the Committee may attend meetings by means of teleconference.

5. Reporting

- (a) Report, through the Chairperson of the Committee, to the Board following each meeting on the major discussions and decisions made by the Committee.
- (b) Report annually to the Board on the Committee's responsibilities and how it has discharged them.
- (c) Review the Committee's Terms of Reference annually and propose recommended changes to the Board.