



**MANDATE OF THE COMPENSATION AND NOMINATING
COMMITTEE OF THE BOARD OF DIRECTORS**

MANDATE OF THE COMPENSATION AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS

I. ESTABLISHMENT OF COMPENSATION AND NOMINATING COMMITTEE

The board of directors (the "**Board**") of Petrus Resources Ltd. (the "**Corporation**") hereby establishes a committee to be called the Compensation and Nominating Committee (the "**Committee**").

II. MEMBERSHIP

The Committee shall be composed of three (3) members or such greater number as the Board may from time to time determine, a majority of whom shall be "independent" as defined in Multilateral Instrument 52-110 – *Audit Committees*. Members shall be appointed annually from among the members of the Board.

III. MANDATE

The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the Board, generally assume responsibility for developing the approach of the Corporation to matters concerning human resources, compensation and corporate governance and, from time to time, shall review and make recommendations to the Board as to such matters. Specifically, the Committee will endeavor to:

Human Resources and Corporate Governance Matters

1. 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;
2. consider and, if thought fit, approve requests from directors or the Committees of the engagement of special advisors from time to time;
3. prepare and recommend to the Board annually a statement of corporate governance practices to be included in the Corporation's annual information form or information circular;
4. 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;
5. assess, at least annually, the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
6. establish criteria for potential candidates for Board membership;
7. identify individuals qualified to become Board members, consistent with the desired criteria and maintain a list of potential candidates for Board membership and where appropriate, interviewing potential candidates for Board membership;
8. retain and terminate any search firms used to identify director candidates, including sole authority to approve the search firms' fees and other retention terms;

9. select, or recommend that the Board select, the director nominees for the next annual meeting of shareholders;
10. develop and recommend to the Board a set of corporate governance guidelines applicable to the Corporation;
11. oversee the evaluation of the Board and management;
12. implement an orientation and education program for new recruits to the Board;
13. with the assistance or recommendations of management or outside consultants where appropriate, make recommendations to the Board regarding appointments of officers and senior management; and
14. conduct an annual performance evaluation of the Committee in the Corporation's annual information circular in accordance with applicable rules and regulations.

Compensation Matters

1. review and report to the Board concerning the overall compensation program and philosophy;
2. review and recommend to the Board the compensation program, remuneration levels and incentive plans and any changes therein for senior management, including the Chief Executive Officer;
3. review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and either, as a Committee or together with the independent directors (as determined by the Board) determine and approve the Chief Executive Officer's compensation based on this evaluation;
4. make recommendations to the Board with respect to compensation of executive officers other than the Chief Executive Officer and incentive compensation and equity-based plans that are subject to Board approval;
5. review the adequacy and form of compensation to the directors ensuring it realistically reflects their responsibilities and risk; make recommendations to the Board with respect to directors' compensation;
6. review annually and recommend for approval to the Board the executive compensation disclosure and "Report of the Compensation Committee" disclosure of the Corporation in its information circular;
7. review annually the Committee's mandate;
8. administer any incentive plans implemented by the Corporation, in accordance with their respective terms; and
9. review executive officer compensation disclosure on an annual basis.

IV. ADMINISTRATIVE MATTERS

The following general provisions shall have application to the Committee:

1. two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference;
2. 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 shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains;
3. 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 thereat in the discussion and consideration of the matters being considered by the Committee;
4. the time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by resolution of the Board;
5. unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman. Notwithstanding the foregoing, in all circumstances the Chairman must be an outside director, unrelated to the Corporation; and
6. 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.

V. STANDARDS OF LIABILITY

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of its Committees. The purposes and responsibilities outlined in this mandate and accompanying Board materials are meant to serve as guidelines rather than inflexible rules and the Board may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.