



## **Charter of the Corporate Governance, Nominating and Compensation Committee of the Board of Directors of Addax Petroleum Corporation**

### **Mission Statement**

The Board of Directors (the "Board") of Addax Petroleum Corporation (the "Company") will establish a Corporation Governance, Nominating and Compensation Committee (the "Committee") to assist the Board in fulfilling its obligations relating to corporate governance matters, compensation matters, identifying qualified candidates for appointment to the Board and providing evaluations of the Board, officers, the Board Chair and committee Chairs.

### **Composition**

The Committee shall consist of as many members as the Board shall determine from time to time but in any event, not fewer than three members of the Board. The initial members of the Committee shall be Peter Dey, James Davie, Stephen Paul de Heinrich and Gerry Macey. Each member of the Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a member of the Board. The Board may fill a vacancy in the Committee at any time.

Members of the Committee shall be selected based upon the following and in accordance with applicable laws, rules and regulations. Each member shall be independent in accordance with applicable legal and regulatory requirements and in such regard shall have no direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

All Committee members will have a working familiarity with corporate governance practices.

### **Chair and Secretary**

The Chair of the Committee shall be designated by the Board. The initial Chair of the Committee shall be Peter Dey. If the Chair is not present at a meeting of the Committee, the members of the Committee may designate an interim Chair for the meeting by majority vote of the members present. The general counsel of the Company shall be the Secretary of the Committee meetings, provided that if the Secretary is not present, the Chair of the meeting may appoint a secretary for the meeting with the consent of the Committee members who are present.

## **Meetings**

The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings provided that the Committee will meet at least four times in each fiscal year and at least once in every fiscal quarter. The Committee shall have the authority to convene additional meetings as circumstances require and may meet to address any of its three functions, corporate governance, nominating or compensation, separately.

Notice of meetings shall be given to each member not less than five business days before the time of the meeting, provided that meetings of the Committee may be held without formal notice if all of the members of the Committee are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting. Notice of meeting may be given verbally or delivered personally, given by mail, facsimile or other electronic means of communication and need not be accompanied by an agenda or any other material. The notice shall however specify the purpose or purposes for which the meeting is being held.

Decisions or recommendations of the Committee shall be evidenced by resolutions passed at meetings of the Committee and recorded in the minutes of such meetings or by an instrument in writing signed by all members of the Committee. A copy of the draft minutes of each meeting of the Committee and any written resolutions evidencing decisions or recommendations of the Committee shall be transmitted promptly by the Secretary to each member for adoption at the next meeting. The Committee shall report to the Board at each regularly scheduled Board meeting next succeeding any Committee meeting or the signing of any written resolution evidencing a decision or recommendation of the Committee.

A majority of the members of the Committee shall constitute a quorum.

Any matter that the Committee does not unanimously approve will be referred to the Board for consideration.

## **Meeting Agendas**

Where possible, agendas for meetings of the Committee shall be developed by the Chair of the Committee in consultation with management and the Secretary, and shall be circulated to Committee members as far in advance of each Committee meeting as is reasonable.

## **Resources and Authority**

The Committee shall have the resources and the authority to discharge its responsibilities, including the authority, in its sole discretion, to engage, at the expense of the Company, outside consultants, independent legal counsel and other advisors and experts as it determines necessary to carry out its duties, without seeking approval of the Board or management of the Company.

The Committee shall have the authority to conduct any investigation necessary and appropriate to fulfilling its responsibilities, and has direct access to and the authority to communicate directly with the internal and external auditors, the general counsel of the Company and other officers and employees of the Company.

## **Purpose**

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to: (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; and, (iii) evaluations of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs, all with a view to ensuring Addax Petroleum is implementing best-in-class corporate governance practices.

Another purpose of the Committee is to assist the Board in fulfilling its obligations relating to human resource and compensation matters by preparing or receiving reports and making recommendations to the Board on matters including:

- a. Evaluation of the Company's senior management;
- b. Compensation;
- c. Organizational structure;
- d. Management development and succession;
- e. Employee benefits;
- f. Employee pension plans;
- g. Directors' and Chairman's compensation; and
- h. Such other matters as may be determined by the Board.

## **Duties**

The following are the duties and responsibilities of the Committee:

### **Specific Duties**

The Committee will:

#### **1. Governance Leadership**

- a. Take a leadership role in developing Addax Petroleum's approach to corporate governance.
- b. Annually review and assess the performance of Addax Petroleum's corporate governance systems and, in the Committee's discretion, recommend any changes to the Board for consideration.
- c. Ensure that the Board has appropriate structures and processes in place so that it can function independently of Management.
- d. Take all reasonable steps to ensure systems are in place to verify compliance with all regulatory, corporate governance and disclosure requirements.

#### **2. Code of Business Conduct and Ethics Policy**

- a. Review and, in the Committee's discretion, recommend to the Audit and Conduct Review Committee and the Board for consideration the Code of Business Conduct and Ethics Policy including procedures for (i) the receipt, retention, and treatment of complaints received by Addax Petroleum regarding accounting, internal accounting and financial reporting controls, or auditing matters; (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and, (iii)

addressing a reporting attorney's report of a material breach of securities law, material breach of fiduciary duty or similar material violation.

### **3. Governance Documents**

- a. Regularly review Addax Petroleum's Articles of Incorporation and By-Laws and, in the Committee's discretion, recommend any changes to the Board for consideration.
- b. Once or more annually, as the Committee decides, review and assess Addax Petroleum's Corporate Governance Policy and, in the Committee's discretion, recommend any changes to the Board for consideration.
- c. Once or more annually, as the Committee decides, review and assess Addax Petroleum's Code of Business Conduct and Ethics Policy and, in the Committee's discretion, recommend any changes to the Audit and Conduct Review Committee and the Board for consideration.
- d. Regularly review, assess and, if appropriate, revise the Annual Directors' Evaluation Questionnaire for the evaluation of: the performance of individual Directors, Board Committees, the Board, Committee Chairs and the Board Chair measured against applicable Position Descriptions and Mandates; the skills of each individual Director and the Board as a whole; the financial independence of each individual Director.
- e. Once or more annually, as the Committee decides, review and assess the Position Descriptions for the Board Chair, each Committee Chair, an individual Director, the Chief Executive Officer, the Chief Financial Officer and the Secretary and, in the Committee's discretion, recommend any changes to the Board for consideration.
- f. Once or more annually, as the Committee decides, review and assess the Mandates for the Board, each Board Committee Chair and individual Directors and, in the Committee's discretion, recommend any changes to the Board Committees and/or Board, as applicable, for consideration.
- g. Once or more annually, as the Committee decides, review the Categorical Standards and, in the Committee's discretion, recommend any changes to the Board for consideration.
- h. Receive regular reports from the Secretary of any minor technical amendments made to any of the corporate governance documents set out in this section.

### **4. Governance Disclosure**

- a. Ensure that Addax Petroleum's governance practices are fully disclosed in the annual proxy circular.
- b. Take all reasonable steps to ensure that Addax Petroleum's governance documents, specifically including the Corporate Governance Policy, the Code of Business Conduct and Ethics Policy, the Categorical Standards, the annual proxy circular, and all Mandates and Position Descriptions set out in this Mandate, are published on Addax Petroleum's website and are made available to any shareholder on request.

### **5. Evaluations**

- a. Establish and implement procedures to evaluate the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs.

- b. Ensure annual completion and dissemination of the results of the Annual Directors' Evaluation Questionnaire for the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs, including individual Director self-evaluations; individual Director independence; individual Director and overall Board Skills; individual Director financial acumen; and individual Director peer evaluations.
- c. Oversee the evaluation of Management by the Compensation and Human Resources Committee.

## **6. Director Nominations**

- a. Annually review and assess the size, composition and operation of the Board to ensure effective decision-making and, in the Committee's discretion, make recommendations to the Board for consideration.
- b. After consulting with the Board Chair and individual Directors, annually review and assess the size, composition and Committee Chairs of all Board Committees and, in the Committee's discretion, make recommendation to the Board for consideration.
- c. Identify and assess new candidates for appointment or nomination to the Board, including any nominee appropriately recommended by a shareholder, considering the performance, independence, skills and financial acumen of the candidate to ensure effective governance and satisfy applicable law and, in the Committee's discretion, make recommendations to the Board for consideration.
- d. Annually review and, in the Committee's discretion, recommend to the Board for consideration the individual Directors proposed to be nominated for election at the next annual general meeting of shareholders.
- e. Annually review and, in the Committee's discretion, recommend to the Board for consideration those individual Directors to be designated as independent under the Categorical Standards and those individual Directors to be designated as "financial experts" under applicable law.
- f. Regularly review and assess Addax Petroleum's policies on tenure and terms of individual Directors, the Board Chair and Committee Chairs and, in the Committee's discretion, recommend any changes to the Board for consideration.

## **7. Share Ownership Policies**

- a. Periodically review the policy on mandatory share ownership for directors and, in the Committee's discretion, recommend any changes to the Board for consideration.
- b. Periodically review the policy on mandatory share ownership for executive Management and, in the Committee's discretion, recommend any changes to the Board for consideration.

## **8. Director Orientation/Education**

- a. Oversee the development and implementation of the Director orientation program including: a complete business overview; a strategic overview; an overview of Addax Petroleum's values and operating philosophies; and, an overview of Addax Petroleum's activities and commitments to Corporate Social Responsibility.
- b. Oversee the development and implementation of the ongoing Director education program including: education sessions on Addax Petroleum's

business by way of presentations and operating site visits; individual and/or group education sessions from internal personnel or external consultants on topics of importance to Directors and Addax Petroleum; and, recommended formal educational opportunities through appropriate organizations to be made available to individual Directors and paid for by Addax Petroleum.

## **9. Committee Reporting**

- a. Following each Committee meeting, report to the Board on the activities, findings and any recommendations of the Committee.
- b. Annually review and approve the Committee's corporate governance report for inclusion in the Proxy Statement.

## **10. Compensation**

- a. In consultation with senior management, establish the Company's general compensation philosophy, and oversee the development and implementation of compensation programs in order to support the Company's overall business objectives, attract and retain key executives and provide appropriate compensation at a reasonable cost while enhancing shareholder value creation.
- b. Review and approve any compensation programs applicable to the senior management of the Company.
- c. Review the corporate succession and development plans for the Company at the executive officer level.
- d. Make recommendations to the Board with respect to the Company's incentive compensation plans, oversee the activities of the individuals and committees responsible for administering these plans, and discharge any responsibilities imposed on the Committee by any of these plans.
- e. Review and approve any severance or similar termination payments proposed to be made to any current or former member of senior management of the Company.
- f. Prepare and issue the evaluations and reports required under "Committee Reports" below.
- g. To keep abreast of current developments in executive compensation in corporations engaged in similar industries.
- h. (h) To prepare and provide an annual Report of the Compensation Committee on Executive Compensation for inclusion in the Company's annual report.
- i. To prepare and provide an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this charter. The performance evaluation should also recommend to the Board any improvements to this charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report.
- j. To provide a summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.
- k. To conduct an annual review of senior management performance with regard to the position description, short-term and long-term corporate goals, objectives and performance measurement indicators.

- I. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs.

#### **11. Other**

- a. Carry out any other appropriate duties and responsibilities assigned by the Board.
- b. To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Charter is delegated to the Secretary, who will report any amendments to the Committee at its next meeting.

#### **Limitation on the Oversight Role of the Committee**

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Company from whom he or she receives financial and other information, and the accuracy of the information provided to the Company by such persons or organizations.