



**COMPENSATION COMMITTEE
CHARTER**

**February 2006
as revised
November 2010**

BIRCHCLIFF ENERGY LTD.

COMPENSATION COMMITTEE CHARTER

1) Purpose

The Compensation Committee of the Board of Directors of Birchcliff Energy Ltd. shall discharge the Board's responsibilities to shareholders, potential shareholders, the investment community and other stakeholders with respect to:

- a) setting the compensation of the Corporation's executive officers;
- b) overseeing the Corporation's equity benefit plans; and
- c) reviewing and making recommendations to the full Board regarding Board compensation.

2) Definitions

For the purposes of this Charter:

- a) "**Board**" means the Board of Directors of the Corporation;
- b) "**Committee**" means the Compensation Committee of the Board;
- c) "**Corporation**" means Birchcliff Energy Ltd.;
- d) "**Form 51-102F6**" means Form 51-102F6 entitled "Statement of Executive Compensation" required pursuant to NI 51-102; and
- e) "**NI 51-102**" means National Instrument 51-102 – Continuous Disclosure Obligations promulgated by securities regulatory authorities in Canada as supplemented and amended.

3) Composition

- a) The Committee shall consist of at least three Directors of the Board, of whom a majority shall not be officers or employees of the Corporation or an affiliate of the Corporation.
- b) The members of the Committee shall be appointed by the Board, and shall serve at the pleasure of the Board until such member's successor as a Director is duly elected or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board and shall automatically cease to be a member of the Committee upon ceasing to be a Director.
- c) The Chairman of the Board of Directors shall be the Chairman of the Compensation Committee until the Compensation Committee appoints another Chairperson.

4) Meetings

- a) The Compensation Committee shall meet at least annually, and as many additional times as the Committee deems necessary.
- b) The Chairperson of the Committee or any member may at any time convene a meeting of the Committee.
- c) Notice of meetings shall be delivered, mailed, faxed or sent by any other form of transmitted or recorded message to each member not less than forty-eight hours before the meeting is to take place.
- d) Notice of any meeting or any irregularity in any meeting or the notice thereof may be waived by any member.
- e) Meetings may be held at any time without formal notice if all the members are present, or if a quorum is present and those members who are absent have signified their consent to the meeting being held in their absence. Any resolution passed or action taken at such a meeting shall be valid and effectual as if it had been passed or taken at a meeting duly called and constituted.

5) Responsibilities

The Committee shall:

- a) Provide oversight and guidance for the compensation and benefit philosophy for all employees of the Corporation;
- b) Review and affirm contractual employment and compensation arrangements with executive officers and other members of senior management who are the responsibility of the Board or whose compensation the Chief Executive Officer requests the Compensation Committee to review and affirm;
- c) Review the Corporation's incentive compensation and other benefit plans and practices and recommend changes in such plans and practices to the Board;
- d) Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, and after an evaluation of the Chief Executive Officer's performance in light of those goals and objectives, set the compensation of the Chief Executive Officer;
- e) Make recommendations to the Board with respect to the compensation of non-employee directors, including their participation in incentive-compensation plans and equity-based compensation;

- f) Fulfill such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board of Directors of the Corporation and/ or Chairperson of the Board of Directors, or as designated in plan documents; and
- g) Review the Statement of Executive Compensation required by Form 51-102F6 including:
 - i) discussion and analysis of all direct and indirect compensation provided to certain executive officers and directors for or in connection with services they have provided to the company;
 - ii) summary compensation table for each of the Named Executive Officers (as defined in NI 51-102) for each of the Corporation's three most recently completed fiscal years;
 - iii) discussion of incentive plan awards and tables for each of the Named Executive Officers setting out (A) their option and share based awards outstanding and (B) the value of option based awards vested, both at the end of the most recently completed year;
 - iv) a discussion of termination and change of control benefits for each of the Named Executive Officers;
 - v) summary compensation table for each director for the Corporation's most recently completed year; and
 - vi) discussion of incentive plan awards and tables for each of the directors setting out (A) their option and share based awards outstanding and (B) the value of option based awards vested, both at the end of the most recently completed year.

6) Authority

- a) The Committee shall have the power to fix its quorum at not less than a majority of its members and to determine its own rules and procedures subject to any regulations imposed by the Board of Directors from time to time.
- b) The Committee shall have the authority to engage and compensate an outside advisor.

7) Reports

The Compensation Committee shall maintain minutes or other records of meetings and activities of the Committee.

8) Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of

this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Board shall also conduct an annual evaluation of the Committee's performance.