



# **NAL Energy Corporation**

## **Corporate Governance and Environment, Health and Safety Committee Charter**

**Effective December 31, 2010**

# NAL Energy Corporation

## Corporate Governance and Environment, Health and Safety Committee Charter

### General

The board of directors (the "**Board of Directors**") of NAL Energy Inc. (the "**Corporation**") has established the Corporate Governance and Environment, Health and Safety Committee (the "**Committee**") to develop and monitor the approach of the Corporation to matters of corporate governance, to identify and recommend individuals for nomination as members of the Board of Directors and its committees and to develop and monitor the approach of the Corporation and the Corporation's direct and indirect subsidiary entities (collectively, the "**NAL Group**") to environmental, health and safety matters, all in accordance with the mandate and terms and conditions set forth in this Charter. The Committee will also fulfill any additional duties set out in this Charter or otherwise delegated to the Committee by the Board of Directors.

### Composition and Operation

The Board of Directors will each year appoint a minimum of three (3) directors ("**Directors**") as members of the Committee. All members of the Committee shall be "independent" such that each member of the Committee shall have no direct or indirect relationship with the NAL Group or NAL Resources Management Limited (the "**Manager**") that could, in the view of the Board of Directors, reasonably interfere with the exercise of his or her independent judgment, provided that participation on the board of directors of the Manager as a nominee of the Corporation shall not, in the absence of any additional relationship, be considered to constitute a direct or indirect relationship that could interfere with a member's independent judgment.

The Board of Directors will each year appoint a chairman of the Committee (the "**Committee Chair**") and will fill any vacancy in the position of Committee Chair. The Committee Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members of the Committee as appropriate prior to the exercise of any powers and will, in any event, advise all other members of the Committee of any decisions made or powers exercised.

Directors who are not members of the Committee may attend all or any part of meetings of the Committee, but shall not be entitled to vote on any questions before the Committee. Other than members of the Board of Directors, entitlement to attend all or any portion of any Committee meeting shall be determined by the Committee Chair or by the members of the Committee.

### Mandate

The Committee's duties and responsibilities include, but are not limited to, the matters set forth below.

### ***Corporate Governance***

The Committee will generally assume responsibility for developing the approach of the NAL Group to matters of corporate governance and making recommendations to the Board of Directors in relation to matters of corporate governance. Specifically, the Committee will have the authority and responsibility for:

1. developing, implementing and monitoring current and evolving governance standards and best practices that it believes to be applicable and beneficial to the Board of Directors and the NAL Group;
2. regularly reviewing the mandates of the Board of Directors and its committees and recommending to the Board of Directors such amendments to the mandates as the Committee believes are necessary or desirable;
3. assessing, at least annually, the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contributions of individual Directors;
4. overseeing the preparation of, and recommending to the Board of Directors, an annual "Statement of Corporate Governance Practices" to be included in the annual report or information circular of the Corporation, or such other document as may be required under applicable securities legislation, regulations or other regulatory requirements;
5. evaluating the corporate communication policies (including the communication processes between the Board of Directors and management and the Corporation and its securityholders (including measures for receiving feedback from securityholders)) and overseeing the Disclosure Committee of the NAL Group; and
6. reviewing any shareholder proposal received by the Corporation and recommending to the Board of Directors the Corporation's response in respect thereof.

### ***Nomination and Composition of the Board***

The Committee will review and make recommendations to the Board of Directors respecting the constitution of the Board of Directors and the committees of the Board of Directors including:

1. the size and composition of the Board of Directors and the committees of the Board of Directors (including recommendations with reference to applicable securities laws);
2. the desired qualifications, demographics, skills, experience and personal qualities for potential members of the Board of Directors;
3. the long-term plan for the composition of the Board of Directors that takes into consideration the current strengths, skills and experience of the Directors and the strategic direction of the NAL Group. This plan will include:
  - (a) an interview process for potential candidates for membership on the Board of Directors; and

- (b) the identification of individuals qualified to become future candidates for membership on the Board of Directors; and
- 4. annually, in consultation with the Chair of the Board of Directors and the President of the Corporation, the nominees for election as Directors.

The Committee will also be responsible for ensuring that the Corporation has an appropriate orientation and education program for new Directors which includes:

- 1. information about the duties and obligations of Directors;
- 2. information about the NAL Group's business and operations;
- 3. the expectations of Directors (including, in particular, expectations of time and energy);
- 4. opportunities to meet with senior management of the Manager; and
- 5. access to documents from recent meetings of the Board of Directors.

The Committee will be responsible to review:

- 1. annually, the definition of "independent" and its specific application to individual Directors and committees of the Board of Directors;
- 2. when required, candidates for appointment to the office of Chair of the Board of Directors;
- 3. at appropriate intervals, compensation and benefit levels for Directors; and
- 4. periodically, the Directors' and officers' third party liability insurance and indemnification coverage.

### ***Nomination of Officers***

The Committee will be responsible for recommending to the Board of Directors the names and persons to be appointed as the officers of the NAL Group.

### ***Compensation and Benefits***

The Committee will be responsible for reviewing and overseeing the administration of any long term incentive programs and/or any other compensation or remuneration strategies which may be adopted for Directors of the Corporation (including directors of other members of the NAL Group), including, bonus plans, option plans, deferred share unit plans and profit sharing plans, and any amendments thereto.

### ***Environmental, Health and Safety Matters***

The Committee will generally assume responsibility for developing the approach of the NAL Group to environmental, health and safety matters and making recommendations to the Board of Directors in relation to environmental, health and safety matters. Specifically, the Committee will have the authority and responsibility for:

1. reviewing the nature and extent of the development of, and compliance by the NAL Group with, appropriate environmental, health and safety policies and standards having regard to industry and community standards and applicable laws;
2. reviewing environmental proceedings, claims or other contingencies that could have a material effect on the financial position or operating results of the NAL Group and report the results of such review to the Board;
3. annually reviewing and assessing the funding of future environmental and reclamation obligations of the NAL Group;
4. reviewing and reporting to the Board on any other environmental matters (not otherwise enumerated herein) which the Committee may consider suitable or the Board may specifically direct;
5. reviewing the nature and extent of compliance with any applicable health and safety policies standards and laws, as well as any mitigating or remedial actions taken for and on behalf of the NAL Group in respect of any non-compliance with any such standards or laws;
6. reviewing any other health and safety or crisis management matters (not otherwise discussed herein) which the Committee considers suitable or the Board may specifically direct;
7. reviewing trends and current and emerging issues in the environmental, health and safety areas and reviewing the impact of proposed legislation relating to environmental and health and safety matters and recommending to the Board the appropriate responses thereto; and
8. reviewing emergency response planning procedures for the NAL Group for the environmental, health and safety areas.

### ***Board of Directors Relationship and Reporting***

The Committee will:

1. review and assess the adequacy of the Committee mandate annually and submit such amendments as the Committee proposes to the Board of Directors;

2. oversee appropriate disclosure of the Committee mandate, and other information required to be disclosed by applicable securities laws, in the Corporation's annual information form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from shareholders; and
3. report regularly to the Board of Directors on Committee activities, issues and related recommendations.

### **Administrative Matters**

The following general provisions shall have application to the Committee:

1. A quorum of the Committee shall be the attendance of two (2) members thereof. 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.
2. Any member of the Committee may be removed or replaced at any time by resolution of the Board of Directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the annual meeting of shareholders of the Corporation next following the date of appointment as a member of the Committee or until a successor is duly appointed.
3. The Committee may invite such officers, directors and employees of the NAL Group or the Manager as it may see fit from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee.
4. The time and place for the Committee meetings, the calling and the procedure at such meetings shall be determined by the Committee having regard to the by-laws of the Corporation.
5. The Committee shall meet at least once each year.
6. The Committee Chair shall preside at all meetings of the Committee. In the absence of the Committee Chair or in the event of a vacancy in the position of Committee Chair, the other members of the Committee shall appoint a representative amongst them to act as Committee Chair for any particular meeting.
7. The Committee shall report to the Board of Directors on such matters and questions as the Directors of the Corporation may from time to time refer to the Committee.
8. The members of the Committee shall, for the purpose of performing their duties, have the right to inspect the books and records of the NAL Group, and to discuss such books and records with the officers and employees of the NAL Group and the Manager.

9. The Committee shall meet, in separate, non-management in camera sessions at each regularly scheduled meeting.
10. Minutes of the Committee meetings shall be recorded and maintained. The Committee Chair will report to the Board of Directors on the activities of the Committee and/or the minutes of the Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.

### **Experts and Advisors**

In order to carry out its duties, the Committee may retain or appoint, at the Corporation's expense, such independent counsel and other experts and advisors, as it deems necessary. The Committee shall have the authority to retain and terminate a search firm to be used to identify Director candidates and the authority to retain other professionals to assist it with any background checks.