



GOVERNANCE, NOMINATION & COMPENSATION COMMITTEE (GNCC) CHARTER

INTENT

The Board of Directors (the "Board") is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to the effective and efficient decision-making process.

The primary function of the Governance, Nomination and Compensation Committee (the "Committee") of Cadan Resources Corporation (the "Company") is to:

- a. Develop and recommend to the Board a set of corporate governance principles applicable to the Company to ensure that the Company's corporate governance system is effective in discharge of its obligations to the Company's stakeholders;
- b. Identify individuals qualified to become new Board members and to recommend to the Board new director nominees from time to time;
- c. To establish and administer a process (including a review by the full Board and discussion with management) for assessing the effectiveness of the Board as a whole and the committees of the Board;
- d. Assist the Board Chairperson in overseeing the process of evaluation of the Board, its committees and individual directors;
- e. Establish, administer and evaluate the compensation philosophy, policies and plans for non-employee directors and executive officers;
- f. Ensure that the Company has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management; and
- g. To make recommendations to the Board regarding director and executive compensation based on a review of the performance of the directors and executive officers.

COMPOSITION AND QUALIFICATIONS

- a. The Committee shall consist of a minimum of three directors. Ideally all Committee members should be independent but, as a minimum, one of which shall be independent.
- b. Unless the Board appoints a Chairperson of the Committee, the members of the Committee shall elect a Chairperson from among their number.

MEMBER APPOINTMENT AND REMOVAL

Annually the membership of the Committee shall be selected by the Board at its first meeting following the annual shareholders meeting. Selection is based on recommendations of the existing Committee in consultation with the CEO.

- a. The Committee members are appointed by the Board on the recommendation of the existing Committee, after consultation with the CEO, and with consideration of the desires of existing individual Committee members.
- b. Consideration will be given to rotating the Committee members periodically.
- c. The Board may at any time add, replace or remove a member from the Committee

POSITION DESCRIPTION AND RESPONSIBILITIES FOR CHAIRPERSON

The Chairperson of the Committee should be an independent director elected by majority vote of the committee members at the beginning of each meeting for the duration of the meeting or for long as is required to complete any duties or tasks that arise from the meeting.

THE CHAIRPERSON SHALL:

- a. Work with the Board and the CEO, and manage the Committee in an effective and efficient manner which furthers the best interests of the Company;
- b. Act as the principal sounding board and counsel for the directors and the CEO with respect to governance issues;
- c. Ensure that, as appropriate, the Chairperson of the Board and the CEO are aware of concerns of the Committee;
- d. Provide strong leadership of the Committee;
- e. Work closely with the Board to coordinate matters needed to be presented to Board;
- f. Communicate with the Board to keep it current on all major developments involving governance and the nomination of Directors;
- g. Set the next Committee meeting and review the frequency of meetings to ensure that committee is performing its duties adequately; and
- h. Chair and manage the meeting of the Committee.

MEETINGS

The Committee will meet as often as it deems necessary to fulfill its responsibilities but no less than once annually. The Committee may meet with, and receive reports from, management.

Any two directors may call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the elected Chairperson of the Committee meeting.

The secretary of the Committee shall be designated from time to time from one of the members of the Committee or failing that the Company's Corporate Secretary or other officer of the Company, unless otherwise determined by the Committee.

The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

MANDATE AND AUTHORITY

The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems may be appropriate in light of changing business, legislative, regulatory or other conditions to fulfill its responsibilities. Nothing herein is intended to expand applicable standards of liability under Applicable law for Directors of a company.

THE BOARD HAS GRANTED THE COMMITTEE THE FOLLOWING AUTHORITY:

- a. To retain, at the Company's expense, persons having special competencies (including experts in the field of executive compensation, legal, accounting, compensation or other consultants and experts) to assist the Committee in fulfilling its responsibilities;
- b. To terminate the Committee's engagement of its experts and to approve the fees and other terms of retention of such experts;
- c. To set and pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties;
- d. Except as limited by law, or applicable securities rules and regulations, the Committee may form and delegate authority to subcommittees as it deems appropriate. The Committee may delegate its authority to the CEO except that the Committee will not delegate its authority with respect to compensation matters involving any specified executive officer. The Chairperson of the Committee is Charter authorized to approve compensation actions for executive officers when such approval is needed to process employment offers between Committee or Board meetings. For purposes of this Charter, "specified executive officers" shall include any officer of the Company who is designated as a specified executive officer by the Board or the Committee for purposes of this Charter.
- e. The Committee shall have access to such officers and employees of the Company, its external auditors and legal counsel, and to such information respecting the Company, and may engage separate independent counsel and advisors at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- f. To conduct any investigation appropriate to its responsibilities, and it may request any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.
- g. To have unrestricted access to the books and records of the Company and has the authority to communicate directly with outside counsel for the Company.
- h. To review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

- i. To review and approve compensation for the Board and its Directors, the CEO and other executive officers and the Senior Management of the Company.
- j. To review and to make recommendations to the Board with respect to:
 - i. General compensation goals and guidelines for the Company's employees and the criteria by which bonuses and stock compensation awards to the Company's employees are determined;
 - ii. Amendments to any equity compensation plans adopted by the Board and changes in the number of shares reserved for issuance thereunder; and
 - iii. Other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company.
- k. To perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

- a. Develop the Company's approach to corporate governance issues and ensure that:
 - (i) The Company's governance and the adequacy thereof is reviewed at least annually; and
 - (ii) The Company complies with the extent practicable with the governance guidelines set out in the Applicable Laws;
- b. Ensure that standards of ethical conduct are developed and monitored (as established by the Code of Business Conduct and Ethics);
- c. Annually examine the size of the Board and, where appropriate, make recommendations to increase or decrease the number of directors;
- d. Ensure that the performance evaluation of the Chairperson of the Board is incorporated in the Board review process, which takes place annually;
- e. Recommend to the Board the appointment of the Chairperson of the Board following the election of the directors at the annual meeting of shareholders;
- f. Consider and recommend a desirable balance of skills and experience among Board members;
- g. Seek out and attract qualified candidates to fill Board positions;
- h. Recommend to the Board the appropriate nominees to fill vacancies on the Board or to be proposed as candidates for election as directors at the annual shareholder meeting;
- i. Ensure that new members of the Board are provided with the necessary information about the Company, its business and the factors which affect its performance and review and monitor the orientation of new Board members;

- j. Review and approve officers' directorships in companies other than subsidiary companies and to review directors' relationships with other outside entities with regard to potential conflicts of interest;
- k. Provide advice to the Board regarding proposed committee nominations;
- l. Review transactions or arrangements (financial or otherwise) between the Company and one or more directors or officers, and make recommendations to the Board with respect to any issues that are noted;
- m. Review the adequacy and form of compensation of:
 - (i) The Board;
 - (ii) The Board of Directors of any affiliate; and
 - (iii) The members of any Board committee, in light of the responsibilities and risks involved in being a Director and/or a Chairperson and provide the Board with recommendations.
- n. The Committee shall review and approve for the CEO and the other executive officers of the Company, taking into account corporate and individual performance, comparable compensation paid to similarly-situated officers in comparable companies, as well as any special considerations:
 - (i) The annual base salary,
 - (ii) The annual incentive bonus, including the specific goals and amount,
 - (iii) Equity compensation,
 - (iv) Employment agreements, severance arrangements, and change in control agreements/provisions, and
 - (v) Any other benefits, compensation or arrangements.
- o. Develop or approve performance indicators and corporate objectives which the Chief Executive Officer (the "CEO") is responsible for meeting in the upcoming year in order to provide a monitoring benchmark, and assess the performance of the CEO annually as against that benchmark.
- p. Shall review and administer the Company's incentive stock option plan (the "Plan"). In its administration of the Plan, the Compensation Committee may:
 - (i) Grant stock options or stock purchase rights to individuals eligible for such grants;
 - (ii) Amend such stock options or stock purchase rights; and
 - (iii) Take all other actions permitted under the Plan.
- q. Make recommendations to the Board regarding the compensation, incentive-compensation plans and equity-based plans of the Senior Management Group.
- r. Review and approve the recruitment, appointment and termination of the Senior Management Group.
- s. Monitor and assess the performance of the Senior Management Group, and ensure that the results are discussed by the Board.

- t. Review and approve pay equity and employment equity policies
- u. Review and approve plans of the Company for management development and senior managerial succession.
- v. To report annually to the Company's shareholders, through the Company's annual management proxy circular or annual report to shareholders, on the Company's system of corporate governance and the operation of its system of governance, having reference to the Corporate Governance Guidelines set out in National Policy 58-201 "*Corporate Governance Guidelines*"
- w. to review executive compensation disclosure before the Company publicly discloses this information..
- x. Review the Terms of Reference for the CEO, the CFO and such officers as appropriate and recommend any updates to the Board as required.
- y. Perform such functions as may be assigned to it from time to time by the Board or as may be required by applicable rules or regulations.

REPORTING

The Committee has a duty to report to the Board all matters that it considers to be important for Board consideration.

All minutes of the Committee should be attached to the Board minutes and forwarded to each member of the Board by the Secretary in a timely manner.

The Committee shall submit the Compensation Discussion & Analysis Section which is to be included in the Proxy Statement

The Committee shall submit the Executive Compensation report for inclusion in the Company Management Information Circular and Proxy Statement