

ZEFIRO METHANE CORP.

COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE CHARTER

A. Objective and Scope

The objective of the Compensation and Corporate Governance Committee charter (“**Charter**”) is to set out the compensation, corporate governance and nomination policies of Zefiro Methane Corp. (the “**Company**”). Set forth below are guidelines for the Company’s approach to reviewing, overseeing and evaluating the Company’s compensation, corporate governance and nomination decisions and processes.

This Charter may be subject to review by the board of directors of the Company (the “**Board**”) at any time.

B. Mandate and Authority of the Committee

The Compensation and Corporate Governance Committee (the “**Committee**”) is a committee of the Board, which has overall responsibility for the stewardship of the Company. The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to securityholders of the Company (the “**Securityholders**”) by:

1. In respect of its compensation role:
 - a. reviewing and approving the compensation for directors and officers of the Company (“**Directors**” and “**Officers**”) to enable the Company to attract and retain Directors and Officers, who will create value for Securityholders;
 - b. ensuring that the compensation demonstrates a clear relationship between performance and compensation;
 - c. recommending to the Board the compensation of executive and non-executive Directors;
 - d. fairly and responsibly rewarding Officers having regard to the performance of the Company, the performance of the individual Officer and the prevailing compensation expectations in the market;
 - e. reviewing the Company’s recruitment, retention and termination practices and procedures for Officers;
 - f. reviewing and approving the compensation of Director reports to the chief executive officer of the Company (the “**CEO**”), and as appropriate other Officers; and
 - g. reviewing and approving any equity-based plans, incentive compensation plans and other incentive schemes, and whether securityholder approval should be obtained.
2. In respect of its corporate governance role:
 - a. adopting a strategic planning process;

- b. reviewing and approving the strategic plan which takes into account, among other things, the opportunities and risks of the Company's business;
 - c. identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
 - d. succession planning, including appointing, training and monitoring Officers in general and the CEO in particular;
 - e. reviewing the integrity of the Company's internal control and management information systems;
 - f. developing the Company's approach to corporate governance issues; and
 - g. assessing the effectiveness of the Board, the recruitment of new Directors and the provision of orientation and education programs for new Directors.
3. In respect of its nomination role:
- a. maintaining a Board that has an appropriate mix of skills, experience, expertise and diversity to be an effective decision-making body; and
 - b. ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

The Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.

No individual Director or Officer of the Company is to be involved in deciding his or her own compensation.

C. Constitution, Composition and Quorum

As and when it is required the Committee will be established by resolution of the Board.

The Committee shall be appointed by the Board from among the Directors and shall consist of not less than three members (the "**Members**") all of whom shall be non-executive Directors and with the majority being independent Directors.

Directors will be appointed to the Committee for a term of three years or such shorter time as they remain in the office of Director. Directors may serve consecutive terms on the Committee.

The Committee may appoint a chair of the Committee (the "**Chair**"). The Chair shall be an independent Director.

A quorum shall be two Members. In the absence of the Chair or appointed delegate, the Members shall elect one of their number as Chair.

D. Meeting Frequency

Committee meetings (“**Meetings**”) will be held not less than twice a year to enable the Committee to undertake its role effectively.

Meetings can be called by any Member as directed by the Board or at the request of the Chair.

Where deemed appropriate by the Chair or other Member, Meetings and subsequent approvals from prior Meetings may be held or concluded by way of a written resolution or a conference call.

Decisions will be based on a majority of votes with the Chair having the casting vote.

The Committee may invite any Officer or other individuals, including external third parties, to attend the Meetings, as they consider appropriate.

Notice of the time and place of every Meeting shall be given in writing to each Member, at least 72 hours (excluding holidays) prior to the time fixed for such Meeting.

E. Access

Members have rights of access to the books and records of the Company to enable them to discharge their duties as Members, except where the Board determines that such access would be adverse to the Company’s interests. Such access shall be provided on a timely basis.

The Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

F. Committee and Charter Review

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or any stock exchange the Company’s securities is listed upon and shall recommend changes to the Board thereon.

G. Reporting Procedures

The Chair (or other Member, in absence of a Chair) shall circulate the minutes of the Meetings to all Members for comment and change before being signed by the Chair or other Member and circulated to the Board with the Board papers for the next Board meeting. The minutes of Meetings are to be tabled at the Board meeting following the Meeting along with any recommendations of the Committee.

H. Duties and Responsibilities

In order to fulfil its responsibilities to the Board, the Committee shall:

1. In respect of its compensation role:

- a. assist the Board in fulfilling its responsibilities in respect of establishing appropriate compensation levels and policies including incentive policies for Directors and Officers;
- b. review and assess the market and benchmark against comparative group to ensure that Officers are being rewarded commensurate with their responsibilities;
- c. retain the services of compensation consultants or advisors to assist the Board and the Committee in benchmarking and determining Officers' compensation;
- d. review and set practices for Officers' compensation;
- e. review and set the salary levels of Officers and make recommendations to the Board on any proposed increases;
- f. review and approve goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance based on the goals and objective, and determine the CEO's cash-based and equity-based compensation accordingly;
- g. review and approve the Company's recruitment, retention and termination policies and procedures for senior management to enable the Company to attract and retain Directors and Officers who can create value for Securityholders;
- h. review and approve the design of any compensation plans;
- i. review and make recommendations to the Board on the Company's annual and long-term incentive and other benefit programs; and
- j. ensure that compensation practices fairly and responsibly reward the Officers having regard to the performance of the Company, the performance of the individual Officer and prevailing compensation expectations in the market.

2. In respect of its corporate governance role:

- a. develop long-term strategies with respect to the Company's operations to be adopted by the Board;
- b. review and update the strategic plan of the Company as reasonably required. Included in the development of these long-term strategies will be annual strategic, operating and capital plans. The strategic plan is to take into account, among other things, the opportunities and risks of the Company's business;
- c. identify the principal risks of the Company's business;
- d. establish systems and procedures to ensure the monitoring of the principal risks of the Company's business. These systems and procedures must include the effective management of the Company's assets and financial resources, and must ensure compliance with all regulatory obligations;

- e. ensure that the operations of the Company are conducted in accordance with objectives set by the Board; and
 - f. review and approve all appointments of Officers and, as part of the Company's planning process, review and discuss succession planning for Officer positions.
3. In respect of its nomination role:
- a. ensure an appropriate Board selection process takes place in searching for and selecting new Directors;
 - b. develop criteria for Board membership and identifying the factors taken into account in the selection process;
 - c. periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of Directors;
 - d. regularly evaluate and ensure the mix of skills, experience, expertise and diversity of the existing Board. In particular, the Board is to identify the particular skills and diversity that will best increase the Board's effectiveness and prepare a description of the role and capabilities required for the particular appointment. While the Board does not have a target for diversity, it recognizes diversity to include women, visible minorities, Aboriginal people and people with disabilities. Consideration is also given to the balance of independent Directors on the Board;
 - e. identify and screen candidates for nomination to the Board (the "**Candidates**") having regard to any gaps in the skills, experience of the current Directors and ensuring that a diverse range of Candidates is considered;
 - f. identify and recommend to the Board the Candidates after:
 - i. considering the necessary and desirable competencies of the Candidates to ensure the appropriate mix of skills and experience;
 - ii. assessing how the Candidates can contribute to the strategic direction of the Company; and
 - iii. undertaking appropriate background checks, including checks as to the Candidates' character, experience, education, criminal record and bankruptcy history;
 - g. approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
 - h. assess and consider the time required to be committed by a non-executive Director to properly fulfil their duty to the Company and advise the Board;
 - i. consider and recommend to the Board the Candidates for election or re-election to the Board at each annual shareholders' meeting;

- j. make recommendations to the Board for Committee membership;
 - k. review directorships in other public companies held by or offered to Directors and Officers of the Company;
 - l. review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
 - m. arrange an annual performance evaluation of the Board, its Committee and individual Directors;
 - n. ensure new Directors and Officers enter into a written agreement with the Company, setting out the terms of their appointment. The new Directors must also submit a consent to act and undergo induction by the Board;
 - o. make recommendations to the Board on the appropriate size and composition of the Board;
 - p. make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from, the Board; and
 - q. ensure the nomination process is objective in nature with the best interests of the Company and its Securityholders in mind. All Directors should be consulted, as well as representatives from the Company's industry.
4. In respect of its other roles:
- a. the Committee shall perform other duties and activities that it or the Board considers appropriate.

I. Compensation

Compensation includes the total compensation from all sources, including fees, salary, annual performance bonus awards, short-term incentives and longer-term equity-based incentives, is considered in comparison to current market rates offered by companies in similar stages of development, regional geography and of similar size in terms of market capitalization and is intended to remain competitive in order to attract and retain talented and motivated individuals.

In considering the levels of compensation for non-executive Directors, the Committee is to consider the following:

1. *Composition*: non-executive Directors should be compensated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity);
2. *Fixed Compensation*: levels of fixed compensation for non-executive Directors should reflect the time commitment and responsibilities of the role;
3. *Performance Based Compensation*: non-executive Directors should not receive performance-based compensation as it may lead to bias in their decision-making and

compromise their objectivity;

4. *Equity Based Compensation*: it is generally acceptable for non-executive Directors to receive securities as part of their compensation to align their interests with the interests of other holders. However, non-executive Directors generally should not receive options with performance hurdles attached or performance rights as part of their compensation as it may lead to bias in their decision-making and compromise their objectivity;
5. *Termination Payments*: non-executive Directors should not be provided with retirement benefits other than superannuation;
6. To the extent that the Company adopts a different compensation structure for its non-executive Directors, the Committee shall document its reasons for the purpose of disclosure to stakeholders; and
7. There are no minimum shareholding requirements for non-executive Directors.

In setting the compensation for Officers, the Committee is to consider the following:

1. *Composition*: compensation packages for Officers should include an appropriate balance of fixed compensation and performance-based compensation;
2. *Fixed Compensation*: should be reasonable and fair, taking into account the entity's obligations at law and labour market conditions and should be relative to the scale of the Company's business. It should reflect core performance requirements and expectations;
3. *Performance Based Compensation*: should be clearly linked to clearly specified performance targets. These targets should be aligned to the Company's short, medium- and longer-term performance objectives and should be consistent with the Company's purpose, strategic goals and values. Discretion should be retained where appropriate to prevent performance-based compensation rewarding conduct that is contrary to the Company's values or risk appetite;
4. *Equity Based Compensation*: well-designed equity-based compensation, including options or performance rights, can be an effective form of compensation, especially when linked to hurdles that are aligned to the Company's short, medium and longer-term performance objectives. Care needs to be taken not to lead to short termism or the taking of undue risks;
5. *Termination Payments*: termination payments if any, should be agreed in advance and the agreement should clearly address what will happen in the case of early termination. There should be no payment for removal for misconduct;
6. When evaluating the CEO's compensation, the Committee shall evaluate the CEO's performance based on the goals and objective set by the Board for the CEO and determine the CEO's compensation accordingly; and
7. To the extent that the Company adopts a different compensation structure for its Officers, the Committee shall document its reasons for the purpose of disclosure to stakeholders.

J. Nomination of a Director

Where a Candidate is put forth for election to be a Director, the Committee must ensure the following information is provided to Securityholders:

1. biographical details;
2. details of material directorships; and
3. if the Candidate is standing for the first time:
 - (i) confirmation appropriate checks have been undertaken by the Company;
 - (ii) if any information of concern has been revealed by such checks;
 - (iii) details of any potential conflicts of interest; and
 - (iv) whether the Board will consider the Director as independent.

Where the Committee appoints a Candidate prior to completion of appropriate background checks, it must ensure that the Director gives an unequivocal undertaking to resign should the Company receive an unsatisfactory check.

K. Approvals

The Committee must approve the following prior to implementation:

1. changes to the compensation or contract terms of executive Directors and direct reports to the CEO;
2. the plans or amendments to current equity-based plans or cash-based incentive plans;
3. total level of awards proposed from equity-based plans or cash-based incentive plans; and
4. termination payments to executive Directors or direct reports to the CEO. Termination payments to other departing executives should be reported to the Committee at its next Meeting.