



CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

MANDATE AND TERMS OF REFERENCE

Establishment of Committee

The board of directors (the "**Board**") of Cardinal Energy Ltd. ("**Cardinal**" or the "**Corporation**") hereby establishes a committee of the Board to be called the Corporate Governance and Compensation Committee (the "**Committee**").

Role and Objective

The purpose of the Committee is to assist the Board in fulfilling its responsibility by reviewing and making recommendations to the Board relating to the corporate governance and the human resource policies and compensation and compensation of the directors, officers and employees of the Corporation and its subsidiaries in compliance with applicable law and in the context of the budget and business plan of the Corporation.

Membership of Committee

1. The Committee shall be comprised of three (3) directors of the Corporation ("**Directors**") or such greater number as the Board may from time to time determine, of whom the majority shall be "independent" (as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (as amended from time to time)).
2. The Board may from time to time designate one of the members of the Committee to be the Chair of the Committee (the "**Chairman**").

Specific Duties and Responsibilities

To carry out its responsibilities, the Committee shall:

Governance Matters

1. Review on a periodic basis the mandates of the Board and its committees and recommend to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
2. Prepare and recommend to the Board a statement of corporate governance practices to be included in the Corporation's annual report or information circular if required by any regulatory authority;
3. make recommendations to the Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors;
4. review on a periodic basis the composition of the Board and ensuring that an appropriate number of independent directors sit on the Board, analyzing the needs of the Board and recommending nominees who meet such needs;

5. assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors, including considering the appropriate size of the Board;
6. recommend suitable candidates for nominees for election or appointment as directors, and recommend the criteria governing the overall composition of the Board and governing the desirable individual characteristics for directors;
7. as required, develop, for approval by the Board, an orientation and education program for new recruits to the Board;
8. act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
9. develop and recommend to the Board for approval and periodically review structures and procedures designed to ensure that the Board can function effectively and independently of management;
10. establish, review and periodically update a Code of Business Conduct and Ethics (the "Code") and ensure that management has established a system to monitor compliance with this code; and
11. review management's monitoring of the Corporation's compliance with the organization's Code.

Compensation Matters

1. recommend to the Board with respect to non-CEO officer and director compensation including review of management's recommendations for proposed share option or share purchase plans and other incentive-compensation plans and equity-based plans for non-CEO officer and director compensation and make recommendations in respect thereof to the Board;
2. administer Cardinal's stock option plan and any other equity incentive plan(s) (the "Incentive Plans") approved by the Board in accordance with its terms including recommend the grants of stock options or awards in accordance with the terms thereof;
3. determine and recommend for approval of the Board bonuses to be paid to officers and employees of Cardinal and its subsidiaries, as applicable, and establish targets or criteria for the payment of such bonuses, if appropriate; and
4. prepare and submit a report of the Committee to the Board for approval of the Board and inclusion in annual disclosure if required by applicable securities laws to be made by Cardinal including any Committee report included in the information circular – proxy statement of Cardinal and review other executive compensation disclosure before Cardinal publicly discloses such information.

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
2. The Chairman will preside at all meetings of the Committee, unless the Chairman is not present, in which case the members of the Committee that are present will designate from among such members the Chairman for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members. 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. Meetings may occur via telephone or teleconference.

4. The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board.
5. Meetings of the Committee should be scheduled to take place at least once per year and at such other times as the Chair of the Committee may determine.
6. Agendas, approved by the Chairman will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained.
9. If determined appropriate, following meetings of the Committee, a list of tasks or matters to be followed up upon shall be prepared including the time table for completion thereof and the responsibility for completion, the status of which matter shall be reviewed at the next meeting of the Committee or as otherwise determined by the Committee.
10. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at such compensation as established by the Committee and at the expense of Cardinal without any further approval of the Board.
11. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as two members remain on the Committee. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
12. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Chairman.

Approved by the Board of Directors on August 27, 2012.