

**MGM ENERGY CORP.**  
**ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE**  
**CHARTER**

*(Adopted by the Board of Directors on May 1, 2007)*

**A. PURPOSE**

The overall purpose of the Environmental, Health and Safety Committee (the "Committee") is to review and monitor on behalf of the Board of Directors (the "Board"):

- (a) the environmental policies and activities of the Corporation; and
- (b) the policies and activities of the Corporation as they relate to the health and safety of employees of the Corporation in the workplace.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Committee shall consist of at least three members of the Board, a majority of whom shall be "independent directors"<sup>1</sup> as that term is defined in Section 1.4 of Multilateral Instrument 52-110, *Audit Committees* or such guidelines as may hereafter replace the same.
2. The Board shall appoint the members of the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their members.
4. The Corporate Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.
5. The Committee shall meet at least semi-annually on such dates and at such locations as the chair of the Committee shall determine and may also meet at any other time or times on the call of the chair of the Committee, any two of the other members, or the senior officer of the Corporation responsible for environmental, health and safety matters.
6. 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.
7. All members of the Committee shall be generally familiar with environmental, health and safety requirements within the oil and gas industry, including standard procedures and applicable legislation, at the time of their appointment or shall become so within a reasonable period of time following such appointment.

8. The Committee shall have access to such officers and employees of the Corporation and to such information respecting the Corporation, and may engage independent environmental, health and safety consultants and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Committee will notify the Chairman of the Corporate Governance Committee whenever independent consultants are engaged.
9. The Committee may consider meeting “in-camera”, without management, after any Committee meeting.

C. **DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall be as follows:

1. **Environmental Matters**

- (a) to review and monitor the environmental policies and activities of the Corporation on behalf of the Board so that the Corporation is in compliance with environmental laws and legislation;
- (b) to recommend actions for developing policies, programs and procedures so that the principles set out in the Corporation’s Environmental Policy Statement are being adhered to and achieved;
- (c) to review environmental compliance issues and environmentally sensitive incidents to determine, on behalf of the Board, that the Corporation is taking all necessary action in respect of those matters and that the Corporation has been duly diligent in carrying out its responsibilities and activities in that regard;
- (d) to review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended;
- (e) to report regularly and on a timely basis to the Board on matters coming before the Committee relating to environmental policies and activities of the Corporation for consideration and the manner of disposition; and
- (f) to develop a calendar of activities to be undertaken by the Committee for each ensuing year related to environmental matters and to submit the calendar in the appropriate format to the Board within a reasonable period of time following each annual general meeting of shareholders.

2. **Employees' Health and Safety**

- (a) to review and monitor the health and safety policies and activities of the Corporation on behalf of the Board so the Corporation is in compliance

with applicable laws, legislation and policies as they relate to the health and safety of the Corporation's employees in the workplace;

- (b) to recommend actions for developing policies, programs and procedures to ensure that the principles set out in the Corporation's policies related to the health and safety of its employees in the workplace are being adhered to and achieved;
- (c) to review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended;
- (d) to report on a timely basis and at least annually to the Board on health and safety issues and on the state of compliance with applicable laws and legislation and adherence to the policies of the Corporation; and
- (e) to develop a calendar of activities to be undertaken by the Committee for each ensuing year related to employees' health and safety and to submit the calendar in the appropriate format to the Board within a reasonable period of time following each annual general meeting of shareholders.

#### D. ANNUAL REVIEW AND ASSESSMENT

The Committee shall conduct an annual review and assessment of its performance, including compliance with this Charter and its role, duties and responsibilities, and submit such report to the Board of Directors.

---

##### <sup>1</sup> 1.4 **Meaning of Independence --**

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" means a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:
    - (i) is, a partner of a firm that is the issuer's internal or external auditor;
    - (ii) is an employee of that firm; or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time.
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of the firm that is the issuer's internal or external auditor;
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at the same time on the entity's compensation committee; and

- 
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:
- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
- (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer; and
- (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3) an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member: (a) has previously acted as an interim chief executive officer of the issuer; or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.