

## MAJOR DRILLING GROUP INTERNATIONAL INC.

### HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER

#### I. Human Resources and Compensation Committee Purpose

1. The Human Resources and Compensation Committee (the “Committee”) is a committee of the board of directors (the “Board”) of Major Drilling Group International Inc. (the “Corporation”), appointed by and reporting to the Board, whose primary function is to assist the Board in discharging the Board’s oversight responsibilities relating to the attraction, compensation, evaluation and retention of key senior management employees, and in particular the Chief Executive Officer (the “CEO”) of the Corporation.
2. For the purpose of this mandate, “compensation” includes:
  - (a) changes in individual salaries and salary ranges, or the basis for establishing salary levels;
  - (b) individual bonus payments and the basis for these payments, including performance against established objectives and targets; and
  - (c) individual short and long-term incentive grants, including stock options and deferred share units.

#### II. Committee Composition, Appointment and Procedures

##### 3. Composition of Committee

The Committee shall be comprised of not less than three directors, all of whom must be independent directors in accordance with applicable regulatory and stock exchange requirements.

##### 4. Appointment of Committee Members

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board.

##### 5. Vacancies

- (a) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.
- (b) The Board shall fill any vacancy if the membership of the Committee is less than three directors.

6. Committee Chairman

The Board shall appoint a Chairman for the Committee. The Chair of the Committee shall fulfill the duties as set out in the Terms of Reference, as provided to each Committee Chair.

7. Absence of Committee Chairman

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

8. Secretary of Committee

The Committee shall appoint its own secretary who shall serve as the secretary of meetings for the Committee.

9. Meetings

- (a) The Chairman of the Committee or the Chairman of the Board, or any two members of the Committee may call a meeting of the Committee.
- (b) The Committee shall meet at such times during each year as it deems appropriate.
- (c) The Committee will ordinarily meet *in camera* at the end of each of its formal meetings and may meet *in camera* at any other time as required.
- (d) There shall be three senior management personnel available for meetings of the Committee at the invitation of the Chairman of the Committee. These three persons will be those holding the positions of Chief Executive Officer, Chief Financial Officer and Corporate Secretary.
- (e) Committee meetings may be held in person, by video-conference, by telephone or by any combination of the foregoing.

10. Quorum

A majority of the members of the Committee present, in person, by video-conference, by telephone or by any combination of the foregoing, shall constitute a quorum.

11. Notice of Meetings

- (a) Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.
- (b) Attendance of a member at a meeting constitutes a waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to

the transaction of any business on the grounds that the meeting is not lawfully called.

12. Review of Charter

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

**III. Responsibilities of the Committee**

13. The Committee shall:

- (a) advise the Board on financial aspects of human resources planning, the evaluation and compensation of directors, executive officers and other employees, short and long-term incentive plans, benefit plan, and executive officer appointments.
- (b) develop a compensation philosophy of the organization, including a compensation strategy and compensation policies for executive officers, as proposed by the Chief Executive Officer for approval and implementation by the Board;
- (c) annually review and make recommendations to the Board regarding the total compensation of the Chief Executive Officer and other executive officers, corporate objectives that the Chief Executive Officer and such other executive officers, as the case may be, are responsible for meeting, assessment of the Chief Executive Officer against these objectives, monitoring of the Chief Executive Officer's performance, and providing advice and counsel in the execution of his duties;
- (d) recommend to the Board total compensation plans including adequacy and form of compensation realistically reflecting the responsibilities and risks of the position for the Chief Executive Officer of the Corporation and, in connection therewith, consider appropriate information, including information from the Board with respect to the overall performance of the Chief Executive Officer;
- (e) recommend to the Board the compensation for executive officers, annual adjustment to executive officer salaries, and the design, administration and allocation of benefits pursuant to short and long-term incentive plans, stock options, benefits and perquisites as proposed by the Chief Executive Officer, taking into account the Corporation's performance and the compensation afforded the Chief Executive Officers and other senior officers of comparable corporations;
- (f) review and recommend to the Board employment and termination arrangements for executive officers;
- (g) recommend to the Board the new or significant modifications to pay and benefit plans;

- (h) recommend to the Board significant changes to financial aspects of the Corporation's remuneration structure;
  - (i) review and recommend to the Board for its approval disclosure relating to executive and director compensation, including the Compensation Discussion and Analysis, as contained in the Corporation's annual proxy circular and other related disclosure ;
  - (j) recommend to the Board any special employment contracts or arrangements with executive officers of the Corporation including any contracts relating to a change of control;
  - (k) recommend to the Board remuneration for members of the Board and committees thereof, including adequacy and form of compensation realistically reflecting the responsibilities and risks of the positions and recommending changes where applicable;
  - (l) monitor compliance by the Corporation and its subsidiaries with all applicable employment and labour legislation; and
  - (m) have primary responsibility for considering questions of management succession, including the review and approval of candidates for the positions of CEO or CFO.
14. The Committee may, at the request of the Board, engage in such other matters as the Board considers appropriate in the circumstances.

#### **IV. Resources, Meetings and Reports**

15. The Committee shall have adequate resources to discharge its responsibilities. The Committee may, for and on behalf of the Corporation and at the Corporation's sole expense, engage such consultants as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities. The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive officer compensation and shall have the authority to approve the consultant's fees and other retention terms. All such consultancy appointments shall be approved by the Committee prior taking effect.
16. The Committee shall meet not less than twice per year.
17. The Chairman of the Board shall be an *ex officio* member of the Committee if not otherwise appointed as a member of the Committee. The Committee may request the attendance of other officers at its meetings from time to time.
18. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.

19. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.
20. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Corporation and its subsidiaries.

## **Annual Human Resources and Compensation Committee Work Plan**

### **March**

1. Discuss general compensation guidelines to govern the following year allowing the CEO to consult staff and make recommendations at the June meeting.
2. Recommend Directors' remuneration.

### **June**

1. Conduct performance review of NEO's.
2. Recommend compensation, bonus, and performance options for the year just past.
3. Recommend compensation arrangements (salaries, bonus targets, options and retention plans) for the upcoming year.
4. Annual update on succession plan.
5. Review Compensation discussion for the Proxy Circular.

### **September**

1. Review and recommend CEO & NEO objectives based on the budget submission approved in June.
2. Evaluations of committee performance.
3. Review Committee Charter, Committee performance and work plan.
4. Consider the need for an independent review of our compensation levels.
5. Be present at AGM.

### **December**

Not normally a committee meeting.