



Charter of the Corporate Governance Committee of the Board of Directors

This Charter shall govern the activities of the corporate governance committee (the "Committee") of the board of directors (the "Board") of Candax Energy Inc. (the "Corporation").

Purpose

The Committee is a standing committee appointed by the Board. The Committee is responsible for overseeing and assessing the functioning of the Board and the committees of the Board and for the development, recommendation to the Board, implementation and assessment of effective corporate governance principles.

The Committee's responsibilities include oversight and evaluation of management. In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other corporate governance initiatives as may be necessary or desirable to enable the Board to provide effective corporate governance for the Corporation and contribute to the success of the Corporation and enhance shareholder value.

Composition and Procedures

In addition to the procedures and powers set out in the resolution of the Board establishing this Committee, the Committee will have the following composition and procedures:

1. Composition

The Committee shall consist of: (i) no fewer than three (3) members, (ii) no less than 25% of resident Canadians; and (iii) all members of the Committee shall be "independent" directors of the Corporation in accordance with the requirements or guidelines for corporate governance under applicable securities laws. (See Schedule "A" for current requirements).

2. Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by election from among its number. The Board shall fill any vacancy if the membership of the Committee is less than three (3) directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its power so long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be elected by the Board annually and each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified. Additionally, the Board may appoint a member of the Committee to act as the Committee's chairman (the "Committee Chair") otherwise the members of the Committee shall elect the Committee Chair from among the members of the Committee.

3. Professional Assistance

The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Corporation's expense.

4. **Review of Charter**

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The Committee shall evaluate its performance with reference to this Charter annually. The Committee will approve the form of disclosure of this Charter on the Corporation's website and, where required by applicable securities laws or regulatory requirements, in the annual proxy circular or annual report of the Corporation.

5. **Delegation**

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

6. **Reporting to the Board**

The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

7. **Committee Chair Responsibilities**

The primary responsibility of the Committee Chair is to provide leadership to the Committee to enhance its effectiveness. In such capacity, the Committee Chair will schedule meetings of the Committee, organize and present agendas for Committee meetings, oversee the distribution of information to the Committee sufficiently in advance of the meeting, preside over Committee meetings and report to the Board on Committee matters.

Specific Mandates of the Committee

The Committee shall:

i. In respect of operations of the Board:

1. assess the needs of the Board with respect to the conduct of the affairs of the Board, including:
 - (a) the size of Board;
 - (b) the frequency and location of Board and committee meetings;
 - (c) procedures for establishing meeting agendas and the conduct of meetings; and
 - (d) the availability, relevance and timeliness of discussion papers, reports and other information required by the Board;
2. recommend at the first meeting of the Board following each annual meeting, the allocation of directors to each of the Board's committees;
3. oversee continuing education for all directors; and
4. oversee the relationship between the Board, on the one hand, and the officers (collectively, "Management") of the Corporation on the other hand, and, where appropriate, make recommendations with a view to ensuring that the Board is able to function independently of Management.

ii. In respect of corporate governance:

1. review annually the Corporation's approach to governance issues and the development of the Corporation's corporate governance guidelines;

2. review annually the mandate for the Board and the position description for the Chair of the Board/CEO;
 3. review annually the charters of the committees of the Board and, where appropriate, make recommendations thereon including changes in the role, size, composition and structure of the committees;
 4. conduct annual surveys of directors with respect to their views on the effectiveness of the Board, the Chair of the Board/CEO, each committee of the Board and its Chair and individual directors;
 5. evaluate annually the performance of the Chair of the Board/CEO, the Chair of each Board committee and the performance and contribution of individual directors, having regard for the mandate for the Board, position description for the Chair of the Board/CEO and any committee chair responsibilities set out in a Board committee charter, as applicable, and the results of annual surveys of the directors, attendance at Board and Board committee meetings, the competencies and skills the individual is expected to bring to the Board and overall contribution;
 6. recommend policies regarding succession in the event of an emergency or the retirement of the Chair of the Board/CEO;
 7. assess annually the effectiveness of the Board as a whole and each Board committee, including the Committee having regard for the mandate for the Board or the charter of the relevant Board committee, as the case may be;
 8. review annually the Corporation's director qualification criteria including the number of boards on which directors may sit, director tenure, retirement and succession; and
 9. review annually the procedure to enable an individual director to engage an outside advisor at the expense of the Corporation.
- iii. In respect of reporting and disclosure requirements:
1. prepare, review and approve the annual corporate governance report to be made in the proxy circular prepared in connection with the Annual Meeting and on the Corporation's website describing the corporate governance practices of the Corporation as required under applicable securities laws and the rules of any stock exchange on which the Corporation's shares are listed for trading and disclosing the number of Board and committee meetings held during the preceding calendar year and attendance of individual directors at meetings; and
 2. review the disclosure of all significant differences in the Corporation's corporate governance practices from those followed by issuers under the Toronto Stock Exchange Inc.'s companies manual.

The foregoing charter for the Governance Committee of the Corporation was re-approved by the Directors of the Corporation on the 27th day of March, 2008.

"signed"

John Zaozirny – Chairman

"signed"

Charlotte May - Secretary

SCHEDULE "A"

For the purposes of determining the whether a director is "independent", Section 2.1 of National Policy 58-201 -- *Corporate Governance Guidelines* applies the same test as utilized in National Instrument 58-101 -- *Disclosure of Corporate Governance Practices* ("NI 58-101").

In accordance with Section 1.2 of NI 58-101, the definition of "independence" as it relates to Directors of the Corporation imports the definition set out in Section 1.4 of *Multilateral Instrument 52-110 -- Audit Committees* ("MI 52-110").

Pursuant to Section 1.4 of MI 52-110 the meaning of "independence" is as follows:

"1.4 Meaning of Independence:

1. A 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" is 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 the 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 with 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 a 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 that 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 <____>; or
 - b. he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before <____>.
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:

1. remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
2. 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

1. has previously acted as an interim chief executive officer of the issuer, or
2. 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.”

For the purposes of interpreting Section 1.4 of MI 52-110, such section must also be read in conjunction with Section 1.5 of MI 52-110 which is excerpted below:

“1.5 Additional Independent Requirements – (1) Despite any determination made under section 1.4, an individual who

1. accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
2. is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

1. an individual’s spouse, minor child or stepchild, or a child or stepchild who shares the individual’s home; or
2. an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include 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.