

## COMPENSATION COMMITTEE CHARTER

### The Board of Directors' Mandate for the Compensation Committee

#### Role and Objective

The purpose of the Compensation Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of Porto Energy Corp. (the “**Corporation**”) in fulfilling its responsibilities under the *Business Corporations Act* (British Columbia) by reviewing matters relating to compensation of the directors, officers and employees of the Corporation and its subsidiaries in the context of the budget and business plan of the Corporation and recommending courses of action to the Board.

#### Membership of the Committee

1. The Committee shall be comprised of such independent directors of the Board of Directors as the Board may, from time to time, designate. The term “independent” has the meaning ascribed to it in National Instrument 52-110 – *Audit Committees*, as amended from time to time.
2. Unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chair shall preside at all meetings of the Committee.

#### Mandate and Responsibilities of the Committee

The Committee shall formulate and make recommendations to the Board in respect of compensation issues relating to directors, officers and employees of the Corporation. Without limiting the generality of the foregoing, the Committee shall have the following duties:

- (a) to review the compensation philosophy and remuneration policy for employees of the Corporation and implement changes to improve the Corporation’s ability to recruit, retain and motivate employees;
- (b) to review and recommend to the Board the amount and form of compensation to be paid to members of the Board and members of committees;
- (c) to evaluate the performance of the Chief Executive Officer and recommend to the Board the compensation package for the Chief Executive Officer;
- (d) to approve, on the direction of the Chief Executive Officer, the compensation and benefits package for senior management positions within the Corporation;
- (e) to review management’s recommendations, if any, for proposed stock option or share purchase plans and make recommendations in respect thereof to the Board;
- (f) to administer the stock option plan, if any, approved by the Board in accordance with its terms including the grant of stock options;

- (g) to determine and approve the total amount of bonuses to be paid to officers and employees of the Corporation and to establish targets or criteria for the payment of such bonuses, if appropriate; and
- (h) to prepare and submit a report of the Committee for inclusion in any prospectus of the Corporation, unless it is disclosed in the Corporation's financial statements, to prepare and submit a report of the Committee for inclusion in any Management Discussion and Analysis of the Corporation, unless it is disclosed in the Corporation's financial statements, Annual Information Form or Information Circular. The report must contain the following disclosure:
  - (i) any standard compensation arrangements made directly or indirectly with directors and officers of the Corporation, for their services as directors or officers, or in any other capacity, from the Corporation and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable under the arrangements and must include any additional amounts payable for committee participation or special assignments;
  - (ii) any other arrangements under which directors and officers were directly or indirectly compensated for their services as directors and officers or in any other capacity from the Corporation and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable and the name of the director or officer; and
  - (iii) any arrangement relating to severance payments to be paid to directors and officers of the Corporation and its subsidiaries, entered into during the most recently completed financial quarter.

### **Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
3. Quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. 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.
5. Members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons

participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

6. Agendas shall 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 as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
8. A member of the Committee or an officer of the Corporation, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purposes of recording the minutes of each meeting.
9. Minutes of the Committee will be maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
10. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
11. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

May 2010

**SCHEDULE “D”**  
**CORPORATE GOVERNANCE COMMITTEE CHARTER**

**The Board of Directors’ Mandate for the Corporate Governance Committee**

Role and Objective

The purpose of the Corporate Governance Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of Porto Energy Corp. (the “**Corporation**”) in fulfilling its responsibilities under the *Business Corporations Act* (British Columbia) by reviewing matters relating to the appointment of new directors, assessing the performance of the current directors and responding to and implementing the corporate governance guidelines set forth by applicable regulatory authorities.

Membership of the Committee

1. The Committee shall be comprised of such independent members of the Board as the Board may, from time to time, designate. The term “independent” has the meaning ascribed to it in National Instrument 52-110 – *Audit Committees*, as amended from time to time.
2. Unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chair shall preside at all meetings of the Committee.

**Mandate and Responsibilities of the Committee**

The Committee’s primary responsibilities are twofold. First, the Committee is responsible for proposing to the full Board new nominees to the Board and for assessing directors on an ongoing basis. Second, the Committee is responsible for the Corporation’s response to and implementation of the guidelines set forth from time to time by any applicable regulatory authorities (the “**Guidelines**”). The specific functions of the Committee in carrying out these two areas of responsibility are:

***Nominating and Assessment:***

- (a) to consider and recommend candidates to fill new positions on the Board created by either expansion or vacancies that occur by resignation, retirement or for any other reason;
- (b) to review candidates recommended by shareholders;
- (c) to conduct inquiries into the backgrounds and qualifications of possible candidates;
- (d) to recommend the director nominees for approval by the Board and the shareholders;

- (e) to consider questions of possible conflicts of interest of Board members;
- (f) to recommend members and Chair of the Audit Committee, Reserves Committee and Compensation Committee;
- (g) to review the performance of directors and the performance of the Board;
- (h) to establish director retirement policies; and
- (i) to establish and implement an orientation and education program for new members of the Board.

### ***Corporate Governance***

- (a) to consider and review the Corporation's corporate governance principles and process and to compare the same to the Guidelines;
- (b) to propose changes to the Board necessary to respond to or comply with the Guidelines; and
- (c) to review the Corporation's disclosure of its corporate governance program and compliance with the Guidelines in the management proxy circular for each annual general meeting.

### **Meeting and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
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