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# Corporate Governance and Nominating Committee Terms of Reference

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## 1. Constitution and Purpose

The Corporate Governance and Nominating Committee (the “Committee”) shall be established by resolution of the Board of Directors (the “Board”) of Canacol Energy Ltd. (“Canacol” or the “Corporation”) for the purpose of:

- Assisting the Board in establishing and monitoring the Corporation’s corporate governance policies and programs to ensure they comply with applicable rules or guidance provided by the applicable securities regulators.
- Assisting the Board with identifying individuals qualified to become new directors of the Corporation and recommending to Board the new director nominees for the next Annual General Meeting of shareholders.

## 2. Composition

The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent as defined by the regulation. “Independent” generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment.

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed or ceases to be a member of the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all its powers so long as a quorum remains in office. The Board shall appoint a chair for the Committee from its members (the “Chair”). If the Chair 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.

No Director who serves as board member of any other company shall be eligible to serve as a member of the Committee unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be made by the Committee.

No member of the Committee shall receive from the Corporation or any of its affiliates any compensation other than the fees to which he or she is entitled as a Director of the Corporation or a member of a Committee of the Board. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors.

## 3. Meetings

The Committee shall meet at least twice per year and/or as deemed appropriate by the Committee Chair. At the end of or during each meeting, the members of management of the Corporation who are present at such meeting shall leave the meeting in order for the independent directors to meet. The Chair

of the Committee, any member of the Committee, the Chairman of the Board or the Chief Executive Officer (“CEO”) may call a meeting of the Committee by notifying the Corporation’s Corporate Secretary, who will notify the members of the Committee.

A quorum at meetings of the Committee shall be its Chair and one of its other members or the Chairman of the Board. The Committee may hold its meetings, and members of the Committee may attend meetings, by means of teleconference.

The Committee may invite any officer or employee of the Corporation, legal counsel, the Corporation’s governance or compensation advisors and any other persons to attend meetings and give presentations with respect to their area of responsibility, as considered necessary by the Committee.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board and the CEO or such other officer acting in that capacity. Supporting schedules and information reviewed by the Committee shall be made available for examination by any Director.

The Chair of the Committee shall be available at the annual general meeting of the Corporation to respond to any shareholder questions on the activities and responsibilities of the Committee.

#### 4. Authority

The Committee is authorised by the Board to:

- a. Investigate any matter within its Terms of Reference.
- b. Seek any information it requires from any employee of the Corporation.
- c. Retain, at its discretion, outside legal, governance or other advisors, at the expense of the Corporation, to obtain advice and assistance in respect of any matters relating to its duties, responsibilities and powers as provided for or imposed by these Terms of Reference or otherwise by law or the by-laws of the Corporation.

#### 5. Roles and Responsibilities

The Committee shall have the roles and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations.

- a. In respect of corporate governance matters, the Committee shall fulfill its responsibilities by:
  1. Assisting the Board in establishing and monitoring the Corporation’s corporate governance policies and practices to ensure they comply with applicable rules or guidelines provided by the securities regulators.
  2. Preparing the Corporation’s response to applicable securities laws or stock exchange rules when required, and explaining as required any differences between the Corporation’s governance system and policies and the recommended governance standards by securities regulators.
  3. Proposing changes as necessary from time to time to respond to particular governance recommendations or guidelines from regulatory authorities as well as changes in the Corporation’s business environment and ensuring that all appropriate or necessary governance systems remain in place and are periodically reviewed for effectiveness.

4. Assisting the Board with an annual review of the Board and Committee structure.
5. Ensuring that all members of the Board have been informed of and are aware of their duties and responsibilities as Directors of the Corporation.
6. Ensuring that the Corporation has in effect adequate policies and procedures to allow the Corporation to meet all of its continuous disclosure as well as its communication and confidentiality requirements.
7. Ensuring that the Corporation has in effect adequate policies and procedures to identify and manage the principal risks of the Corporation's business.
8. Developing and monitoring the Corporation's policies relating to trading in securities of the Corporation by insiders.
9. Annually reviewing areas of potential personal liability of Directors and ensuring reasonable protective measures are in place.
10. Causing the Board to annually review its definition of an "independent" director and establishing formal processes for determining the independence of the Board Members as well as dealing with conflict of interest situations.
11. Developing written corporate governance guidelines and mandate for the Board in which it explicitly acknowledges responsibility for the stewardship of the Corporation and considers (i) measures for receiving feedback from stakeholders and (ii) expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.
12. Overseeing the development of Terms of References for the Committees of the Board and reviewing, or arranging for the review by appropriate Committees, of such Terms of References on an annual basis, and, in consultation with the other Committees as appropriate, making recommendations to the Board as to changes to improve such Terms of References.
13. Developing clear position descriptions for the Chairman of the Board and the Chair of each Board Committee, and together with the CEO, developing a clear position description for the CEO, delineating roles and responsibilities between the Board and the executive officers.
14. Assessment of the Board, its Committees and each individual Director in respect of effectiveness and contribution.
15. Developing a comprehensive orientation and continuing education program for all Directors.
16. Monitoring the process for developing Annual Meeting Planners for the Board and its Committees to ensure compliance with the requirements of the Board's Mandate and the Committees' Terms of References, respectively.
17. Developing a written code of business conduct and ethics that is applicable to all directors, officers and employees of the Corporation.
18. Assisting the Board with the disclosure of the Corporation's corporate governance policies and practices in the Corporation's disclosure documents.
19. As further detailed in Schedule A attached to these Terms of Reference, implementing the majority voting policy for the election of uncontested directors and disclose Canacol's approach to the election and resignation of directors in public disclosure documents.\*

\*In accordance with the policies of the Toronto Stock Exchange (the "TSX"), the Board has

adopted a majority voting policy in director elections that will apply at any meeting of the Corporation's shareholders where an uncontested election of directors is held. Pursuant to this policy, which was effective as of December 31, 2012, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable shareholders' meeting.

Following receipt of resignation, the Committee will consider whether or not to accept the offer of resignation and make a recommendation to the Board. Within 90 days following the applicable shareholders' meeting, the Board shall publicly disclose their decision whether to accept the applicable director's resignation or not, including the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board or the Committee at which the resignation is considered.

- b. In respect of nominating matters, the Committee shall fulfill its responsibilities by:**
- 1.** The Committee will review with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board and any perceived needs. In addition, on an annual basis, the Committee will assess the Board's compliance with laws and policies relating to the independence of certain Board members.
  - 2.** The following is an outline of the process for nomination of candidates for election to the Board:
    - a.** the Chairman or CEO, the Committee or other members of the Board identify the need to add new Board members, with careful consideration of the mix of qualifications, skills and experience represented on the Board;
    - b.** the Committee coordinates the search for qualified candidates with input from management and other Board members;
    - c.** the Committee engages a candidate search firm to assist in identifying potential nominees, if it deems such engagement necessary and appropriate;
    - d.** selected members of management and the Board will interview prospective candidates; and
    - e.** the Committee will recommend a nominee and seek full Board endorsement of the selected candidate, based on its judgment as to which candidate will best serve the interests of the Corporation's shareholders. The Committee considers any candidates submitted by shareholders in accordance with the by-laws of the Corporation on the same basis as any other candidate.
  - 3.** In addition to the requirements of the Board Diversity Policy, the Committee shall ensure the Board and any recommendations for new nominee directors to the Board comply with the following requirements:
    - a.** Each director should possess the following minimum qualifications:
      - i.** the highest personal and professional ethics, integrity and values;
      - ii.** commitment to representing the long-term interest of the shareholders;
      - iii.** broad experience at the policy-making level in business, government, education, technology or public interest; and
      - iv.** sufficient time to effectively fulfill duties as a Board member.

- b. The Committee will endeavor to recommend qualified individuals to the Board who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Corporation.
- c. The Board will have a sufficient number of directors who meet the criteria for independence required by applicable laws, rules and regulations and the guidelines established by the Board.

## 6. Committee Effectiveness Procedures

The Committee shall review its Terms of Reference on an annual basis, or more often as required, to ensure that they remain adequate and relevant, and incorporate any material changes in statutory and regulatory requirements and the Corporation's business environment. The Committee shall make recommendations to the Board as to proposed changes, if any.

The procedures outlined in these Terms of Reference are meant to serve as guidelines, and the Committee may adopt such different or additional procedures as it deems necessary from time to time.

In setting the agenda for a meeting, the Chair of the Committee shall encourage the Committee members, management and other members of the Board to provide input in order to address emerging issues.

Prior to the beginning of a fiscal year, the Committee shall submit an annual planner for the meetings to be held during the upcoming fiscal year, for review and approval by the Board to ensure compliance with the requirements of the Committee's Terms of Reference.

Any written material provided to the Committee shall be appropriately balanced (i.e. relevant and concise) and shall be distributed in advance of the respective meeting with sufficient time to allow Committee members to review and understand the information.

The Committee shall conduct an annual self-assessment of its performance and these Terms of Reference and shall make recommendations to the Board.

Members of the Committee shall be provided with appropriate and timely training to enhance their understanding of developments in governance rules and regulations in Canada, governance best practices adopted by other companies, and developments in compensation practices and disclosure requirements.

New Committee members shall be provided with an orientation program to educate them on the Corporation's business, their responsibilities and the Corporation's governance and compensation practices.

## SCHEDULE A

### ELECTION AND RESIGNATION OF DIRECTORS

In any election of Directors, the form of proxy shall provide the shareholders with the opportunity to vote for, or withhold their vote from, each nominee for Director.

In an uncontested election of Directors, any nominee who receives from the votes cast a greater number of votes “withheld” from his or her election than votes “for” his or her election shall promptly following the certification of the shareholder vote submit his or her resignation, to take effect upon acceptance by the Board.

The Corporate Governance and Nominating Committee shall consider the offer of resignation and make a recommendation to the Board as to whether or not to accept it.

The Board shall act on the recommendation of the Corporate Governance and Nominating Committee within 90 days of the certification of the shareholder vote. The Board shall immediately publicly disclose its decision whether to accept a Director’s offer of resignation in a press release disseminated in the same manner as press releases of material announcements of the Corporation.

The resigning Director(s) shall not participate in the Corporate Governance and Nominating Committee or Board deliberations concerning his or her offer of resignation. Directors who are not independent shall not participate in the Board deliberations concerning an offer of resignation.

If a sufficient number of Directors receive “withheld” votes to prevent a quorum of the Board or the Board having a majority of Independent Directors, the offer of resignation of the number of Directors required to constitute a quorum and meet the independence requirements shall be refused. Resignations will be refused of the resigning Independent Directors who receive the greatest number of affirmative votes from the shareholders until there is a quorum of the Board and the independence requirements are met.

If a majority of the members of the Corporate Governance and Nominating Committee fail to receive a majority of affirmative votes from the shareholders voting, a special committee of the members of the Corporate Governance and Nominating Committee receiving a majority affirmative vote shall be formed to consider the offers of resignation of the Directors who failed to receive a majority of affirmative votes.

The Board may fill any vacancy among the Directors resulting from the acceptance of the offer of resignation of a Director who has failed to receive a majority affirmative vote of the shareholders.

