

## CHARTER OF THE COMPENSATION COMMITTEE

### COALCORP MINING INC. (the “Corporation”)

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#### **I. Purpose**

The Compensation Committee is a committee of the Board of Directors which assists the Board in discharging its responsibilities relating to executive and other human resources hiring, assessment, compensation and succession planning. For the purposes of its mandate, the Compensation Committee will review all aspects of compensation paid to the directors, committee members, management and other employees to ensure that the Corporation’s compensation programs are competitive and that the Corporation is in a position to attract, motivate and retain the quality of personnel required to meet its business objectives.

#### **II. Composition**

Members of the Compensation Committee are appointed and removed by the Board of Directors. The Board shall designate annually the Compensation Committee and a Chairman of the Compensation Committee. The Compensation Committee will be comprised of at least three directors, at least two of whom qualify as independent directors, as determined by the Board<sup>1</sup>. All members should have skills and/or experience which are relevant to the mandate of the Committee, as determined by the Board.

#### **III. Responsibilities**

The Board of Directors, in establishing the Compensation Committee, have acknowledged that the Corporation is a junior resource issuer in the development stage and as such, the responsibilities outlined herein are intended as general guidelines intended to be applied in the context of the size of the Corporation and its stage of development. The responsibilities of the Compensation Committee shall generally include, but not be restricted to, undertaking the following:

- Recommending to the Board senior management appointments and the terms and conditions of their appointment and retirement or termination.
- Monitoring and evaluating the performance of members of senior management, including reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO’s performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO’s compensation level based on this evaluation.
- Reviewing and making recommendations to the Board of Directors with respect to the Corporation’s compensation and benefit programs for directors, senior management and employees, including director fees, base salaries, bonuses and incentive plans, deferred compensation and retirement plans and share purchase or issuance plans including stock options and/or restricted share rights. As part of its review process, the Compensation

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<sup>1</sup> Determined in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and Multilateral Instrument 52-110 – *Audit Committees*.

Committee will review peer group and industry compensation data reported through surveys and other sources.

- Reviewing and making recommendations to the Board of Directors with respect to the implementation or variation of stock option or restricted share rights plans, share purchase plans, compensation and incentive plans and retirement plans. Further, the Compensation Committee will ensure proper administration of the Corporation's existing share incentive plan, including the granting, or making recommendations with respect to the granting, of options or restricted share rights. In determining the number of options granted or restricted share rights issued, the Committee will give consideration to the potential contribution an individual may make to the success of the Corporation.
- Reviewing the annual report on executive compensation for inclusion in the Corporation's management information circular in accordance with applicable laws, rules and regulations.
- Taking all reasonable measures to ensure that appropriate human resources systems, such as hiring policies, competency profiles, training policies and compensation structures, are in place so that the Corporation can attract, motivate and retain the quality of personnel required to meet its business objectives.
- Maintaining an assessment and compensation philosophy that rewards the creation of shareholder value.
- Monitoring any strategic labour issues that need to be addressed.

#### **IV. Meetings and Advisors**

The Committee will meet as often as it deems necessary or appropriate to perform its duties and to carry out its responsibilities described above in a timely manner, but not less than two times a year. The quorum at any meeting of the Committee shall be a majority of its members. All such meetings shall be held pursuant to the By-Laws of the Corporation with regard to notice and waiver thereof. Meetings of the Committee may be with appropriate representatives of management, either individually or collectively as may be required by the Chairman of the Committee. Written minutes of each meeting of the Committee shall be filed in the Corporation's records. The Chairman of the Committee will report periodically to the Board of Directors.

The Compensation Committee shall, in appropriate circumstances and subject to advising the Chairman of the Board, have the authority to engage and obtain advice and assistance from advisors, including independent or outside legal counsel and shall have sole authority to retain and/or terminate a compensation consulting firm. The Compensation Committee shall have the sole authority to approve the fees and other retention terms of any such engagement, as it determines is necessary or appropriate to carry out its duties. All related fees and costs of such advisors shall be paid promptly by the Corporation in accordance with its normal business practices.

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Nothing contained in this charter is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Compensation Committee.