

**ADVANTAGE OIL & GAS LTD.**  
**(the "Corporation")**

**HUMAN RESOURCES, COMPENSATION AND  
CORPORATE GOVERNANCE COMMITTEE**

**Terms of Reference**

- 1. Establishment of Human Resources, Compensation and Corporate Governance Committee:**  
The board of directors hereby establish a committee to be called the Human Resources, Compensation and Corporate Governance Committee (the "Committee").
- 2. Membership:** The Committee shall be composed of three members or such greater number as the board of directors may from time to time determine, all of whom shall be "independent" as defined in National Instrument 52-110 – "Audit Committees" and as defined in Section 303(a) of the Corporate Governance Rules of the New York Stock Exchange. Members shall be appointed annually from among the members of the board of directors.
- 3. Mandate:** The Committee shall, in addition to any other duties and responsibilities specifically delegated to it by the board of directors, generally assume responsibility for developing the approach of the Corporation to matters concerning human resources, compensation and corporate governance and, from time to time, shall review and make recommendations to the board of directors as to such matters. Specifically, the Committee will have the authority and responsibility for:

***Human Resources and Corporate Governance Matters***

- (a) annually review the mandates of the board of directors and its committees and recommend to the board of directors such amendments to those mandates as the Committee believes are necessary or desirable;
- (b) considering and, if thought fit, approving requests from directors or committees of directors of the engagement of special advisors from time to time;
- (c) preparing and recommending to the board annually a statement of corporate governance practices to be included in the Corporation's annual report and/or information circular;
- (d) reviewing on a periodic basis the composition of the board and ensuring that an appropriate number of independent directors sit on the board of directors, analyzing the needs of the board and recommending nominees who meet such needs;
- (e) assessing, at least annually, the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors, including considering the appropriate size of the board;
- (f) establishing criteria for potential candidates for board membership and have such criteria approved by the board of directors;

- (g) identifying individuals qualified to become board members, consistent with criteria approved by the board and maintaining a list of potential candidates for board membership and where appropriate, interviewing potential candidates for board membership;
- (h) the retention and termination of any search firms used to identify director candidates, including sole authority to approve the search firms' fees and other retention terms;
- (i) to select, or recommend that the board select, the director nominees for the next annual meeting of shareholders;
- (j) developing and recommending to the board a set of corporate governance guidelines applicable to the Corporation;
- (k) oversee the evaluation of the board and management;
- (l) implementation of an orientation and education program for new recruits to the board of directors;
- (m) with the assistance or recommendations of management or outside consultants where appropriate, make recommendations to the board of directors regarding appointments of corporate officers and senior management;
- (n) when required, establish, review and update periodically (as required) a code of business conduct and ethics (the "Code") and review the system that management has established to monitor compliance with this code;
- (o) review management's monitoring of the Corporation's compliance with the organization's Code;
- (p) conducting an annual performance evaluation of the Committee in the Corporation's annual information circular in accordance with applicable rules and regulations; and
- (q) reviewing and recommending to the Board the succession plan for senior executives and matters in respect of executive capacity.

### ***Compensation Matters***

- (a) reviewing and reporting to the board of directors concerning the overall compensation program and philosophy;
- (b) reviewing and recommending to the board of directors the compensation program, remuneration levels and incentive plans and any changes therein for senior management, including the chief executive officer;
- (c) reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and either, as a Committee or together with the independent directors (as determined by the board) determine and approve the Chief Executive Officer's compensation based on this evaluation;

- (d) making recommendations to the board of directors with respect to compensation of executive officers other than the Chief Executive Officer and incentive compensation and equity-based plans that are subject to board approval;
- (e) reviewing the adequacy and form of compensation to the directors ensuring it realistically reflects their responsibilities and risk; make recommendations to the board of directors;
- (f) reviewing annually and recommending for approval to the board of directors the executive compensation disclosure and "Statement of Executive Compensation" disclosure of the Corporation in its information circular;
- (g) reviewing annually the Committee's Terms of Reference;
- (h) administering any incentive plans implemented by the Corporation, in accordance with their respective terms; and
- (i) producing a report on executive officer compensation on an annual basis.

**4. Administrative Matters:** The following general provisions shall have application to the Committee:

- (a) Two members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference.
- (b) Any members of the Committee may be removed or replaced at any time by the board of directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. The board of directors may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.
- (c) 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.
- (d) The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the board of directors.
- (e) Unless otherwise designated by the board of directors, the members of the Committee shall elect a Chairman from among the members and the Chairman shall preside at all meetings of the Committee. The Chairman of the Committee shall have a second and deciding vote in the event of a tie. In the absence of the Chairman, the members of the Committee shall appoint one of their members to act as Chairman. Notwithstanding the foregoing, in all circumstances the Chairman must be an outside director, unrelated to the Corporation.

- (f) Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the board of directors.