



CHARTER OF THE BOARD OF DIRECTORS

PART I PURPOSE

The Board of Directors (the "**Board**") of the Trinidad Drilling Ltd. ("**Trinidad**") is responsible for the supervision of the management of the business and affairs of Trinidad. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Trinidad. The Board directly and through its Committees, along with the Chair of the Board (the "**Chair**") will provide direction to senior management generally through the Chief Executive Officer (the "**CEO**") to pursue the best interests of Trinidad.

This Charter is not intended to limit the powers of the Board but to assist the Board in the exercise of its powers and the fulfillment of its duties.

PART II COMPOSITION OF THE BOARD

1. General

The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings will be as required by the *Business Corporations Act* (Alberta), the *Securities Act* (Alberta), the rules and policies of the Toronto Stock Exchange and the articles and by-laws of Trinidad, subject to any exemptions or relief that may be granted from such requirements.

2. Independence

A majority of the Board must be independent. "Independent" will have the meaning, as the context requires, given to it in National Policy 58-201 *Corporate Governance Guidelines*, as may be amended from time to time.

3. Limitations on Directorships and Officer Positions with other Issuers

Each director must have an understanding of Trinidad's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors should refer to the Charter of the Corporate Governance & Nominating Committee (the "**CGN Committee**") for the limitations on directorships and officer positions with other issuers.

4. Service Limitations of Directors

The Board does not believe it should establish term limits. Although term limits may ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into Trinidad and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Board, in conjunction with the CGN Committee will review each director's continuation on the Board annually. This will also allow each director the opportunity to review and confirm his or her desire to continue as a member of the Board.

5. Chair of the Board and Lead Director

The Chair of the Board will be an independent director, unless the Board determines that it is inappropriate to require the Chair to be independent. The Lead Director will be an independent director, unless the Board determines that it is inappropriate to require the Lead Director to be independent. If the Board determines that it would be inappropriate to require the Chair of the Board to be independent, then a Lead Director who is "independent" will be appointed by the Board and will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, will act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

PART III COMMITTEES OF THE BOARD

The Board has established the following committees: the Human Resources and Compensation Committee (the "**HRC Committee**"), the Audit Committee, the CGN Committee and the Health & Safety Education Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

6. Committee Mandates

The Board has approved mandates for each Board committee and will approve mandates for each new Board committee. Each mandate will be periodically reviewed by the applicable committee and any suggested amendments brought to the Board for consideration and approval.

7. Delegation to Committees

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate.

8. Consideration of Committee Recommendations

As required by applicable law, by applicable committee mandate or as the Board may consider advisable, the Board will consider for approval the specific matters delegated for review to Board committees.

9. Board/Committee Communication

To facilitate communication between the Board and each Board committee, each committee chair will provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting.

10. Recommendation of Directors to Serve as Committee Members and Chairs

In consultation with the CGN Committee, the Board will determine the appropriate structure, size, composition and mandate and will appoint individual directors to serve as members and Chairs of the HRC Committee, the Audit Committee, the Health & Safety Education Committee and the CGN Committee.

PART IV DUTIES AND RESPONSIBILITIES

Without limiting the generality of its mandate, the Board will have the specific duties and responsibilities outlined below:

11. Strategic and Business Planning

(a) Strategic Plans

The Board has adopted a strategic plan. At least annually, the Board will review and, if advisable, approve Trinidad's strategic planning process and Trinidad's annual strategic plan. In discharging this responsibility, the Board will review the strategic plan in light of management's assessment of emerging trends and industry developments, the competitive environment in which Trinidad operates, the opportunities for the business of Trinidad, risk issues and significant business practices and products.

(b) Business and Capital Plans

At least annually, the Board will review and, if advisable, approve Trinidad's annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

(c) Monitoring

At least annually, the Board will review management's implementation of Trinidad's strategic, business and capital plans. The Board will review and, if advisable, approve any material amendments to, or variances from, these plans.

12. Risk Management

At least annually, the Board will review reports provided by management identifying the principal risks associated with Trinidad's business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

13. Finances and Controls

The Board will verify that internal, financial, non-financial and business control and management information systems have been established by management. In connection with its oversight of Trinidad's finances and controls, the Board will:

- (a) monitor the appropriateness of Trinidad's capital structure;
- (b) ensure that the financial performance of Trinidad is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- (c) in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of Trinidad and ensure that such standards are reflected in Trinidad's code of conduct (the "**Code**");
- (d) require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by Trinidad and its officers and employees;
- (e) require that the CEO institute, and maintain the integrity of, internal control and information systems, including maintenance of all required records and documentation; and
- (f) take all necessary actions to gain reasonable assurance that all financial information made public by Trinidad (including Trinidad's annual and quarterly financial statements) is accurate and complete and represents fairly Trinidad's financial position and performance.

14. Human Resource Management

- (a) General

At least annually, the Board will review a report of the HRC Committee concerning Trinidad's approach to human resource management and executive compensation and consider the advice and input of the HRC Committee regarding:

- (i) a review of the recommendation of the appointment and compensation of the senior management team, other than the CEO (whose compensation must be approved by the independent directors);
- (ii) a review of director and officer share ownership guidelines;
- (iii) the compensation philosophy and programs of Trinidad generally; and
- (iv) the recommendation of a total compensation program, including any amendment or changes required from time to time to ensure that the program remains relevant and competitive.

- (b) Succession Review

In consultation with the HRC Committee, the Board will periodically review the succession plans of Trinidad for the Chair, the Lead Director, the CEO, the President and other executive officers, including the appointment, training and monitoring of such persons.

(c) Integrity of Senior Management

The Board will, to the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of Trinidad and that the CEO, the President and other senior officers strive to create a culture of integrity throughout Trinidad. The Board, in consultation with the CEO, will establish the limits of management's authority and responsibility in conducting Trinidad's business and review the performance of the other senior officers of Trinidad.

(d) Chief Executive Officer

The Board has the responsibility for the appointment and replacement of the CEO of the Corporation, for monitoring CEO performance and providing advice and counsel in the execution of the CEO's duties. The Board is also responsible to:

- i. Provide performance feedback, information and support to the President and Chief Executive Officer who is responsible for evaluating the performance of the remaining Named Executive Officers and the Senior Management Team;
- ii. Based on the results of the annual performance evaluation, determine total compensation adjustments and awards for the President and Chief Executive Officer in accordance with the approved total compensation program and make formal recommendations to the Board of Directors for approval;

15. Corporate Governance

(a) General

The Board will periodically review a report of the CGN Committee concerning Trinidad's corporate governance principles and guidelines and overall approach to corporate governance and consider the advice and input of the CGN committee regarding:

- (i) the appropriate skills and characteristics required of the Board;
- (ii) the size of the Board;
- (iii) proposed nominees for election to the Board;
- (iv) the initial orientation and education of new Board members, and ongoing education of directors; and
- (v) updates with respect to significant developments in the law and practice of corporate governance, as well as the compliance by Trinidad with its corporate governance policies and applicable laws and regulations.

(b) Director Independence

The Board will periodically review a report of the CGN Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

(c) Ethics Reporting

The Board has adopted the Code which is applicable to directors, officers and employees of Trinidad. In consultation with the CGN Committee, the Board will periodically review compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board will review reports from senior management concerning investigations and any resolutions of complaints received under the Code.

(d) Board Mandate Review

In consultation with the CGN Committee, the Board will periodically review and assess the adequacy of its charter to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this charter as considered advisable.

16. Communications

(a) General

The Board will develop policies to enable Trinidad to effectively communicate with its shareholders, other securityholders and stakeholders and the public. The Board, in conjunction with the CEO, will periodically review Trinidad's overall disclosure policies, including its measures for receiving feedback from Trinidad's shareholders and stakeholders, and management's compliance with such policies. The Board will, if advisable, approve material changes to Trinidad's disclosure policies.

(b) Shareholders

The Corporation endeavours to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports and periodic press releases. Directors and management meet with Trinidad's shareholders at the annual meeting and are available to respond to questions at that time.

(c) Disclosures

The Board shall also be responsible for the approval of the annual audited financial statements and related management discussion and analysis, and the interim unaudited financial statements and related interim management discussion and analysis, management proxy circulars, takeover bid circulars, directors' circulars, prospectuses, annual information forms and other disclosure documents required to be approved by the directors of a corporation under securities laws, regulations or rules of any applicable stock exchange.

PART V MEETINGS

17. Timing of Meetings

The Board will meet at least four times annually, with additional meeting held as deemed advisable. The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the

presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Meetings of the Board will be conducted in accordance with Trinidad's by-laws.

18. Secretary and Minutes

The Corporate Secretary, his or her designate or any other person the Board requests will act as secretary of Board meetings. Minutes of Board meetings will be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.

19. Meetings Without Management

The independent members of the Board will meet *in camera* at the conclusion of each formally scheduled meeting of the Board and will meet *in camera* at the conclusion of informal meetings where the Chair of the Board deems appropriate.

20. Directors' Responsibilities

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

Each director is expected to maintain or enhance their skills and abilities as directors, including skills and abilities related to their duties on any committee of the Board.

21. Access to Management and Outside Advisors

The Board will have unrestricted access to management and employees of Trinidad. The Board will have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of Trinidad. The Corporation will provide appropriate funding, as determined by the Board, for the services of these advisors.

22. Management

(a) Position Descriptions for Directors

The Board, in consultations with the CGN Committee, will develop position descriptions for the Chair, the Lead Director and committee chairs. In consultation with the CGN Committee, the Board will periodically review such position descriptions.

(b) Position Description for NEOs

The Board, in consultation with the CGN Committee, will develop a position description for the Named Executive Officers (as defined in Form 51-102F6 *Statement of Executive Compensation*) (collectively the "**NEOs**", individually a "**NEO**"), which includes delineating management's responsibilities. In consultation with the CGN Committee, the Board will periodically review the NEOs' position descriptions in conjunction with Trinidad's strategy and goals.

**PART VI
NO RIGHTS CREATED**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of Trinidad. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of Trinidad's articles and by-laws, it is not intended to establish any legally binding obligations.

The Board will periodically review this mandate and make such modifications or additions as are, in the opinion of the Board, desirable to maintain best practices in corporate governance within its industry.