



## **COMPENSATION COMMITTEE MANDATE**

### **A. PURPOSE**

The overall purpose of the Compensation Committee (the “**Committee**”) is to implement and oversee human resources and compensation policies approved by the Board of Directors (the “**Board**”) of Terraco Gold Corp. (the “**Company**”).

### **B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Committee shall consist of at least three members of the Board, all of whom shall be non-management directors, and “independent”, as that term is defined in National Instrument 58-101, Disclosure of Corporate Governance Practices.
2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.
3. The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Company’s corporate secretary, unless otherwise determined by the Committee.
4. The Committee shall meet at least once annually on such date and at such location as the chair of the Committee shall determine and may also meet at any other time or times on the call of the chair of the Committee or any two of the other members. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
5. The Chief Executive Officer of the Company shall be available to advise the Committee, shall receive notice of all meetings of the Committee and may attend meetings at the invitation of the chair of the Committee.
6. The Committee shall have access to such officers, employees, consultants and/or applicable management consulting companies of such officers, employees and consultants of the Company and to such information respecting the Company, and may engage independent compensation consultants at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

### **C. DUTIES AND RESPONSIBILITIES**

1. The duties and responsibilities of the Committee shall be as follows:
  - (a) to recommend to the Board human resources and compensation policies and guidelines for application to the Company;

- (b) to ensure that the Company has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management;
- (c) to review and approve on an annual basis any compensation and/or consulting fee arrangements and adjustments thereto between the Company and its officers, employees, consultants and/or applicable management consulting companies of such officers, employees and consultants, and recommend to the Board any adjustments to compensation and/or consulting fees which the Committee determines appropriate, all within the human resources and compensation policies and guidelines approved by the Board;
- (d) to implement and administer human resources and compensation policies approved by the Board concerning the following:
  - (i) executive compensation and/or consulting fees, contracts, stock option plans or other incentive plans, including making recommendations to the Board regarding equity-based compensation and/or consulting fees and incentive stock options; and
  - (ii) proposed personnel changes involving officers reporting to the Chief Executive Officer;
- (e) from time to time, to review the Company's broad policies and programs in relation to benefits;
- (f) to annually receive from the Chief Executive Officer recommendations concerning annual compensation and/or consulting fee policies and budgets, including stock options, for directors, officers, employees, consultants and/or applicable consulting companies of such officers, employees and consultants;
- (g) from time to time, to review with the Chief Executive Officer the Company's broad policies on compensation, consulting fees and overall labour relations strategy for all officers, employees, consultants and/or applicable consulting companies of such officers, employees and consultants;
- (h) to periodically review the adequacy and form of the compensation of directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly;
- (i) to report annually to the Board on all of the Committee's activities and findings during that year; and
- (j) to review executive compensation disclosure before the Company publicly discloses this information.

Adopted by the Compensation Committee on January 22, 2013.

Approved by the Board of Directors on January 22, 2013.