

GIBSON ENERGY INC.

Board of Directors Charter

A. GENERAL

The Board of Directors (the "**Board**") of Gibson Energy Inc. (the "**Company**") is responsible for the stewardship of the Company's affairs and the activities of management of the Company in the conduct of day to day business, all for the benefit of its shareholders. In this charter, all references to the Company shall include the subsidiaries of the Company.

The primary responsibilities of the Board are:

1. to maximize long term shareholder value;
2. to approve the strategic plan of the Company;
3. to ensure that processes, controls and systems are in place for the management of the business and affairs of the Company and to address applicable legal and regulatory compliance matters;
4. to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Company;
5. to ensure that the Company meets its obligations on an ongoing basis and operates in a safe and reliable manner; and
6. to monitor the performance of the management of the Company to ensure that it meets its duties and responsibilities to the shareholders.

B. COMPOSITION AND OPERATION

The number of directors shall be not less than the minimum and not more than the maximum number specified in the Company's articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. At least 25 percent of the directors must be Canadian residents. The Board will analyze the application of the "independent" standard as such term is referred to in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, to individual members of the Board on an annual basis and disclose that analysis. The Board will ensure that a majority of the Board is independent. The Board will in each year appoint a chairman of the Board (the "**Chairman**").

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chairman, nominating candidates for election to the Board, constituting committees of the Board and determining compensation for the directors. Subject to the articles and by-laws of the Company and the *Business Corporations Act* (Alberta) (the "**ABCA**"), the Board may

constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

C. MEETINGS

The Board shall have a minimum of four regularly scheduled meetings per year. The meetings shall ordinarily take place in March, May, August and November. Special meetings are called as necessary. Occasional Board trips are scheduled, if possible, in conjunction with regular Board meetings, to offer directors the opportunity to visit sites and facilities at different operational locations. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

The Board will schedule executive sessions where directors meet with management participation at each regularly-scheduled meeting of the Board. In addition, the independent directors will hold an in-camera session at which non-independent directors and members of management are not in attendance.

Minutes will be kept of all meetings of the Board. The minutes will include copies of all resolutions passed at each meeting, will be maintained with the Company's records, and will be available for review by members of the Board and the external auditor.

D. SPECIFIC DUTIES

1. Oversight and Overall Responsibility

In fulfilling its responsibility for the stewardship of the affairs of the Company, the Board shall be specifically responsible for:

- (a) providing leadership and direction to the Company and management with the view to maximizing shareholder value. Directors are expected to provide creative vision, initiative and experience in the course of fulfilling their leadership role;
- (b) satisfying itself as to the integrity of the Chief Executive Officer (the "CEO") and other senior officers of the Company and ensuring that a culture of integrity is maintained throughout the Company;
- (c) approving the significant policies and procedures by which the Company is operated and monitoring compliance with such policies and procedures, and, in particular, compliance by all directors, officers and employees with the provisions of the Code of Conduct and Ethics;
- (d) reviewing and approving material transactions involving the Company, including the acquisitions and dispositions of material assets by the Company and material capital expenditures by the Company;
- (e) monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary;

- (f) establishing methods by which interested parties may communicate directly with the Chairman or with the independent directors as a group and cause such methods to be disclosed;
- (g) developing written position descriptions for the Chairman and for the chair of each Board committee; and
- (h) making regular assessments of the Board and its individual members, as well as the effectiveness and contributions of each Board committee.

2. Legal Requirements

- (a) The Board has the oversight responsibility for meeting the Company's legal requirements and for properly preparing, approving and maintaining the Company's documents and records.
- (b) The Board has the statutory responsibility to:
 - (i) manage the business and affairs of the Company;
 - (ii) act honestly and in good faith with a view to the best interests of the Company;
 - (iii) exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the ABCA and the regulations thereto, the articles and by-laws of the Company, and other relevant legislation and regulations.
- (c) The Board has the statutory responsibility for considering the following matters as a full Board which by law may not be delegated to management or to a committee of the Board:
 - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - (ii) the filling of a vacancy among the directors or in the office of auditor;
 - (iii) the appointment of additional directors;
 - (iv) the issuance of securities except in the manner and on the terms authorized by the Board;
 - (v) the declaration of dividends;
 - (vi) the purchase, redemption or any other form of acquisition of shares issued by the Company, except in the manner and on the terms authorized by the Board;

- (vii) the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any shares of the Company;
- (viii) the approval of any material continuous disclosure documents including annual and interim financial statements and related management's discussion and analysis, annual information forms and management information circulars;
- (ix) the approval of any financial statements to be placed before the shareholders of the Company at an annual general meeting; and
- (x) the adoption, amendment or repeal of any by-laws of the Company.

3. Independence

The Board shall have the responsibility to:

- (a) implement appropriate structures and procedures to permit the Board to function independently of management (including, without limitation, through the holding of meetings at which non-independent directors and management are not in attendance, if and when appropriate);
- (b) implement a system which enables an individual director to engage an outside advisor at the expense of the Company in appropriate circumstances; and
- (c) provide an orientation and education program for newly appointed members of the Board.

4. Strategy Determination, Planning and Budgeting

The Board shall:

- (a) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Company's business;
- (b) approve annual capital and operating budgets and business plans within the context of the strategic plan of the Company;
- (c) annually review operating and financial performance results relative to established strategy, budgets and objectives;
- (d) approve expenditures, acquisitions and divestitures that are not within the authority delegated to the CEO;
- (e) approve mergers and similar arrangements involving unaffiliated parties;

- (f) approve the entry into or withdrawal from lines of business that are material to the Company; and
- (g) annually review the financing strategy and plans of the Company.

5. Managing Risk

The Board has the responsibility to identify and understand the principal risks of the Company's business, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that appropriate systems are in place which effectively monitor and manage those risks with a view to the long-term viability of the Company.

6. Appointment, Training and Monitoring of Senior Management

The Board shall:

- (a) appoint the CEO and other senior officers of the Company, approve (upon recommendations from the Corporate Governance, Compensation and Nomination Committee) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
- (b) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
- (c) establish limits of authority delegated to management; and
- (d) develop a written position description for the CEO (upon recommendation from the Corporate Governance, Compensation and Nomination Committee).

7. Reporting and Communication

The Board has the responsibility to:

- (a) verify that the Company has in place policies and programs to enable the Company to communicate effectively with its shareholders, other stakeholders and the public generally;
- (b) verify that the financial performance of the Company is reported to shareholders, other security holders and regulators on a timely and regular basis;
- (c) verify that the financial results of the Company are reported fairly and in accordance with generally accepted accounting principles recognized by the Canadian Institute of Chartered Accountants from time to time;
- (d) verify the timely reporting of any other developments that have a significant and material impact on the value of the Company;

- (e) report annually to shareholders on its stewardship of the affairs of the Company for the preceding year; and
- (f) develop appropriate measures for receiving stakeholder feedback.

8. Monitoring and Acting

The Board has the responsibility to:

- (a) review and approve the Company's financial statements and oversee the Company's compliance with applicable audit, accounting and reporting requirements;
- (b) verify that the Company operates at all time within applicable laws and regulations to the highest ethical and moral standards;
- (c) approve and monitor compliance with significant policies and procedures by which the Company operates;
- (d) monitor the Company's progress towards its goals and objectives and to work with management to revise and alter its direction in response to changing circumstances;
- (e) take such action as it determines appropriate when the Company's performance falls short of its goals and objectives or when other special circumstances warrant; and
- (f) verify that the Company has implemented appropriate internal control and management information systems.

9. Other Activities

The Board may perform any other activities consistent with this charter, the articles and by-laws of the Company and any other governing laws as the Board deems necessary or appropriate including, but not limited to:

- (a) preparing and distributing the schedule of Board meetings for each upcoming year;
- (b) calling meetings of the Board at such time and such place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Company; and
- (c) ensuring that all regularly-scheduled Board meetings and committee meetings are properly attended by directors. Directors may participate in such meetings by conference call if attendance in person is not possible.

10. Code of Conduct and Ethics

The Board shall be responsible to adopt a "Code of Conduct and Ethics" for the Company which shall address:

- (a) conflicts of interest;

- (b) the protection and proper use of the Company's assets and opportunities;
- (c) the confidentiality of information;
- (d) fair dealing with various stakeholders of the Company;
- (e) compliance with laws, rules and regulations; and
- (f) the reporting of any illegal or unethical behaviour.

E. BOARD COMMITTEES

The Board shall at all times maintain (a) an Audit Committee, (b) a Corporate Governance, Compensation and Nomination Committee, and (c) an Environment, Health and Safety Committee, each of which must report to the Board. Each such committee must operate in accordance with the by-laws, applicable law, its committee charter and the applicable rules of any stock exchange on which the shares are traded. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by its by-laws and applicable law, and as the Board sees fit. The purpose of the Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the charter of a particular committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

F. DIRECTOR ACCESS TO MANAGEMENT

The Company shall provide each director with complete access to the management of the Company, subject to reasonable advance notice to the Company and reasonable efforts to avoid disruption to the Company's management, business and operations.

G. DIRECTOR COMPENSATION

The Board, upon recommendation of the Corporate Governance, Compensation and Nomination Committee, will determine and review the form and amount of compensation to directors.

H. INDEPENDENT ADVISORS

The Board and its committees have the right at any time to retain independent legal, financial or other advisors to advise the board independently on any matter. The Board shall have the sole authority (subject to its power to specifically delegate this power to a committee or others as the Board considers reasonable) to retain and terminate such consultants or advisors, including sole authority to approve an advisor's fees and other retention terms.

I. BOARD EVALUATION

The chair of the Corporate Governance, Compensation and Nomination Committee will facilitate an annual assessment of the overall performance and effectiveness of the Board and will report on such assessments to the Board. The Board, in conjunction with the Corporate Governance, Compensation and Nomination Committee, will be responsible for establishing the evaluation criteria and implementing the process for such evaluations. Each director will complete a board assessment questionnaire assessing:

- (a) the Board's general performance and its performance in specified categories such as board meetings, board communications, committees and board effectiveness; and
- (b) their own personal performance, as well as the performance of other Board members and committee members.

The Board will, after receiving the oral or written report, discuss the results. The objective of the assessments is to maintain the continued effectiveness of the Board as a whole, each committee, and each individual Board member, in the execution of their responsibilities and to contribute to a process of continuing improvement.