



MANDATE OF THE COMPENSATION COMMITTEE

PURPOSE

The Compensation Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) charged with assisting the Board in monitoring, reviewing and approving Falco’s compensation policies and practices and administering the Company’s share-based compensation plans.

COMPOSITION

The members of the Committee shall be appointed annually by the Board on the recommendation of the Nominating & Corporate Governance Committee. The Chair shall be elected by the members of the Committee. The Committee shall consist of a minimum of three directors of the Company, the majority of which must be independent directors. Independence is defined by applicable Canadian laws and regulations as well as the rules of relevant stock exchanges (the “**Applicable Laws**”). At a minimum, each Committee member shall have no direct or indirect relationship with the Company that could, in the opinion of the Board, reasonably interfere with the exercise of a Committee member’s independent judgment (except as otherwise permitted by Applicable Laws).

QUALIFICATIONS & EXPERIENCE

Each member of the Committee should have senior level experience in executive management and human resources and a general familiarity with executive compensation matters. At least one member of the Committee should have an extensive background in human resources or human resource committee work.

RISK OVERSIGHT

In addition to the specific responsibilities enumerated below, the Committee shall assess the implications of the risks associated with the Company’s compensation practices. On an annual basis, the Committee should report to the Board on: (i) the practices used to identify and mitigate the risk that a senior executive might take excessive risks; and (ii) any identified risks that are reasonably likely to have a material adverse effect on the company

In addition, the Committee shall review succession plans for the CEO and each of the Company’s executive officers. Through discussion with the CEO, the Committee should explore potential candidates within the Company to fill senior vacancies and oversee development plans to support the professional growth of these individuals.

COMMITTEE RESPONSIBILITIES

In addition to such other duties as may be delegated by the Board, the Committee shall:

1. *Compensation Strategy*: Develop an executive compensation strategy in consultation with the CEO.

2. *CEO Compensation*: Annually review the CEO's compensation and make such recommendations as deemed appropriate to the Board for consideration with respect to base salary, perquisites, short term incentive grants and long term incentive grants.
3. *Officer Compensation*: Annually review the CEO's recommendations with respect to base salary, perquisites, short term incentive grants and long term incentive grants for the other officers of the Company and make such recommendations as deemed appropriate to the Board.
4. *Performance Objectives*: Recommend for Board approval annual corporate performance objectives for officers of the Company. Review and evaluate the performance of the CEO and, in consultation with the CEO, other officers against established annual performance objectives. The Committee may exercise reasonable judgement in such evaluations to ensure that the intent of the performance objectives is respected and to consider unanticipated factors.
5. *Policies*: Review the Company's key compensation plans and policies, including cash and equity based compensation plans, and recommend Board approval of such plans and policies as required.
6. *Share-based Compensation*: Administer the Company's share-based compensation plans. Recommend Board approval for proposed share-based compensation awards that are proposed by management or the Committee, as the case may be.
7. *Director Compensation*: Review the remuneration of the Company's directors to ensure that it properly reflects the responsibilities and work commitments.
8. *Compensation Consultants*: Oversee hiring and the work of the independent compensation consultant, ensure that the consultant reports directly to the Committee and consider any factors that could impact the consultant's dependence.
9. *Public Disclosure*: Review and approve the Committee's report for inclusion in the management information circular.
10. *Reporting*: Report to the Board on a quarterly basis on the proceedings of Committee meetings.
11. *Mandate Review*: Annually review the Committee's mandate and assess the Committee's functioning and performance relative to the requirements set out within this mandate.

CHAIRMAN RESPONSIBILITIES

The Chairman of the Committee shall:

1. Convene and preside over Committee meetings and ensure they are conducted in an efficient, effective and focused manner.
2. Assist management with the preparation of an agenda and ensure that meeting materials are prepared and disseminated in a timely manner.
3. Ensure that the Committee has sufficient time and information to make informed decisions.

4. Provide leadership to the Committee and management with respect to matters covered by this mandate.
5. Retain, on behalf of the Committee, the services of any compensation consultants that are contracted to review director or officer compensation.
6. Pre-approve any non-compensation services provided by any compensation consultants to the Company to ensure the independence of the consultant to the Committee is not compromised.

AUTHORITY

The Committee has authority to:

1. Appoint, compensate, and oversee the work of an independent compensation consultant to review and make recommendations relating to the compensation of the Company's named executive officers.
2. Appoint, compensate, and oversee the work of any other advisors to assist the Committee in carrying out its mandate.
3. Conduct or authorize investigations into any matters within its scope of responsibility.
4. Meet with management, the independent compensation consultant and other advisors, as necessary.
5. Obtain full access to human resource records and personnel of the Company and its subsidiaries.
6. Call a meeting of the Board to consider any matter of concern to the Committee.

MEETINGS

The Committee shall meet as often as it deems necessary, but not less frequently than twice annually. A quorum for the transaction of business at all meetings shall be a majority of members. Decisions shall be made by an affirmative vote of the majority of members in attendance and the Committee Chair shall not have a deciding or casting vote.

An in-camera session of independent directors shall take place at least once annually. The Committee may also request to meet separately with management, compensation consultants or other advisors. Meeting minutes shall be recorded and maintained, as directed by the Chair of the Committee.