

**TERMS OF REFERENCE OF THE RESERVES, MARKETING OPERATIONS  
AND ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE**

**I. PURPOSE**

- A. The primary function of the Reserves, Marketing Operations and Environmental, Health and Safety Committee (the "Committee") is to assist the Board of Directors (the "Board of Directors" or the "Board") of Canadian Oil Sands Limited ("COSL") in fulfilling its oversight responsibilities by:
- i) overseeing and managing the overall process relating to the reporting on the quantity and value of the oil and gas reserves and resources of COSL;
  - ii) overseeing the marketing activities of COSL;
  - iii) overseeing management's plans and handling of matters regarding the environment, health and safety; and
  - iv) overseeing management's plans and handling of matters regarding operational issues at Syncrude and the capital projects at Syncrude.
- B. Primary responsibility for the reserves, operations and marketing activities of COSL are with management and the oversight of such activities is with the Board but this Committee will assist in such oversight by the Board and act as a liaison to the Board. The financial and credit risk associated with the marketing operations have been delegated to the Audit Committee as part of their financial risk management oversight. This Committee instead focuses on the operational aspects of the marketing operations and any environmental, health and safety matters that impact COSL. Matters regarding corporate donations and/or corporate social responsibility are handled by the Corporate Governance and Compensation Committee.

**II. CONSTITUTION, COMPOSITION AND DEFINITIONS**

- A. The Committee shall be composed of not fewer than three directors, none of whom shall be executive officers or employees of COSL and a majority of whom are independent directors. An "independent director" is a director who is free from any direct or indirect relationship that would or could reasonably interfere with the exercise of his or her independent judgment and is independent under National Instrument 52-110 *Audit Committees*, as

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amended from time to time. At least one member shall have experience in the oil and gas industry with experience as an engineer, geologist or geophysicist. Committee members will include only duly elected directors.

- B. The Committee shall meet at least three times each year. The Chair of the Committee may call additional meetings as required. In addition, a meeting may be called by the non-executive Chairman of the Board, the President & Chief Executive Officer, or any member of the Committee.
- C. The Committee shall have the right to determine who shall and who shall not be present at any time during a Committee meeting. The President & Chief Executive Officer and the Chief Operations Officer of COSL are expected to be available to attend the Committee's meetings or portions thereof.
- D. The Board shall appoint members to the Committee and shall also appoint one member of the Committee to act as Chairman of the Committee. Where a vacancy occurs at any time in the membership of the Committee, the Board may fill it. A majority of the Board may remove any member of the Committee at any time. If a member of the Committee ceases to be a Board member, then such individual shall automatically cease to be a member of the Committee.
- E. The Committee shall be given access to senior management of COSL and all documents as required to fulfill its responsibilities and shall be provided with the resources necessary to carry out its responsibilities.
- F. The Committee shall have the right to:
  - i) engage independent counsel and other advisors as it determines necessary to carry out its duties;
  - ii) to establish and pay the compensation for any advisors employed by the Committee; and
  - iii) to communicate directly with the external reserves evaluator(s).
- G. The non-executive Chairman of the Board shall be a non-voting member of the Committee unless he is a member of the Committee in which case he shall have the same voting rights as any other member of the Committee.

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- H. The Secretary to the Committee shall be either the Corporate Secretary or his/her delegate.
- I. Committee meetings may be held in person, by video conference, by means of telephone or other communication facility that permits all persons participating to hear each other.
- J. Notice of the time and place of each meeting may be given orally, or in writing (including by electronic means) or by facsimile to each member of the Committee at least 48 hours prior to the time fixed for such meeting. Any member may, in any manner, waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice of the meeting except where a member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- K. A majority of members, present in person, by videoconference, telephone or other communication facility, shall constitute a quorum.
- L. All members of the Committee are expected to allow sufficient time to review meeting materials and be prepared for Committee meetings. Committee members are expected to attend most, if not all, Committee meetings.
- M. The Chair of the Committee shall preside as chair at each Committee meeting, lead Committee discussion on meeting agenda items and report to the Board, on behalf of the Committee, with respect to the proceedings of each Committee meeting. In the event that either the Chair or the Secretary is absent from any meeting, the members present shall designate any director present to act as Chair and shall designate any director, officer or employee of COSL to act as Secretary.
- N. Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the matter shall be referred to the Board for consideration.

**III. DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board and without limiting the members' duties as Board members, the Committee will perform the following duties:

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**A. Reserves and Resources**

The Committee will constitute the committee of the Board responsible for the oversight of the determination of and public disclosure regarding oil and gas reserves and resources of COSL. In particular, the Committee will:

- i) based on management's recommendation and having considered the expertise of the proposed firm and responsible individuals as well as their independence, appoint an independent qualified evaluator to report on reserves and resources. The Committee will review the reappointment or change in appointment of the evaluator at least annually;
- ii) review procedures relating to the disclosure of information on oil and gas activities and reserves and resources including the procedures for complying with applicable disclosure requirements and restrictions under applicable Canadian securities laws;
- iii) review the process of providing information to the evaluator and consider the adequacy of such procedures;
- iv) meet with management and the evaluator, both collectively and independently, to:
  - a) determine if there are any restrictions affecting the ability to give an unqualified reserve and resource report; and
  - b) review the reserves and resources data and the evaluator's report;
- v) consider and discuss with management and the external evaluator, the material assumptions and operating parameters used in creating the reserve and resource report;
- vi) recommend to the Board the approval of the filing of the reserves and resources data and required forms under applicable Canadian securities law; and
- vii) review all material press releases relating to reserves and resources as well as any disclosure issues and correspondence raised by

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securities regulators with regard to matters involving reserves and resources.

**B. Marketing Operations Oversight**

- i) review management's report regarding any operational or business marketing related issues including without limitation, the decision to obtain dedicated storage facilities or to participate in pipeline projects; and
- ii) review any general matters relating to marketing operations, it being understood, however, that matters relating to the financial risks associated with marketing remain in the oversight responsibility handled by the Audit Committee and the Board.

**C. Environmental, Health and Safety Matters**

- i) review the nature and extent of the development of and compliance by COSL with appropriate environmental, health and safety policies and standards having regard to industry and community standards in those areas and applicable laws, as well as the nature and extent of, and reasons for, any non-compliance and the timetable to correct deficiencies;
- ii) review with management, the external auditors and legal counsel, any civil or criminal environmental proceedings, claims or other contingency that could have a material effect on the financial position or operating results of COSL and report the results of such review to the Board;
- iii) annually review the reclamation fund established by COSL and ensure adequate funding of future environmental and reclamation obligations as are deemed necessary or advisable;
- iv) review and report to the Board on any other environmental matters (not otherwise discussed herein) which the Committee may consider suitable or the Board may specifically direct;
- v) review the nature and extent of compliance with any applicable occupational health and safety policies, standards and applicable

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laws, as well as the nature and extent of, and reasons for, any non-compliance, and the plan and timetable to correct deficiencies;

- vi) review any other occupational health and safety or crisis management matters (not otherwise discussed herein) which the Committee considers suitable, or the Board may specifically direct;
- vii) review the impact of proposed legislation relating to environmental and health and safety matters and recommend to the Board the appropriate response thereto;
- viii) review the impact and expected financial impact of any material environmental, social or reputational risk to COSL and any related disclosure obligations, and discuss the same with the Audit Committee and/or the Board, as appropriate;
- ix) review the operation plans recommended by management as such relate to the retention or disposal of COSL's share of sulphur and other petroleum products such as coke that are produced by the Syncrude Joint Venture. Such oversight also includes the review of asset retirement obligations and management's plans to deal with such obligations; and
- x) review Syncrude's tailings management plan and its compliance with government regulation.

**D. Operations and Capital Projects**

- i) review management's report regarding operational issues at Syncrude including without limitation, production, operating expenses, tailings management and mine performance and report to the Board;
- ii) review management's report regarding the capital projects at Syncrude and report to the Board. Such oversight will include a review of the capital expenditure cost estimates and target completion dates for Syncrude's capital projects; and
- iii) review any general matters relating to operational issues and capital projects at Syncrude.

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**E. Other**

- i) review any legal and regulatory matters that may have a material impact on the reserves or resources, marketing activities or Syncrude operations that are brought to the attention of any member of the Committee or the Board; and
- ii) conduct or authorize investigation into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, engineers or geologists or geophysicists or others to assist it in the conduct of any investigation.

**IV. ACCOUNTABILITY**

The Committee shall report its discussions to the Board by either distributing the minutes of its meetings or a written summary of such discussions or by oral report at the next Board meeting. Any sensitive materials shall be kept by the Corporate Secretary and/or the Chairman of the Committee.

**V. REVIEW**

The Committee shall review these terms of reference at least annually or, where circumstances warrant, at such shorter interval as the Committee deems appropriate or necessary, to determine if further additions, deletions or other amendments are required.