

**SOUTHERN ENERGY CORP.  
RESERVES, HEALTH, SAFETY AND ENVIRONMENT COMMITTEE CHARTER**

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**I. COMPOSITION**

1. The Reserves, Health, Safety and Environment Committee (the “**Committee**”) will be composed of not less than three directors, the majority of whom shall be outside directors of Southern Energy Corp. (the “**Corporation**”). If possible, individuals having engineering or geological backgrounds would be desirable appointees to the Committee. Where the Committee is composed of only two directors, both shall be outside directors. A quorum will be a majority of the Committee members (“**Members**”) and, in the event the Committee consists of only two Members, the quorum will be both Members.
2. The Board of Directors of the Corporation (the “**Board**”) shall appoint one of the Members to act as the Committee chairperson (the “**Chair**”), who shall be an outside director of the Corporation.

**II. MEETINGS**

1. The Committee shall meet at least once annually or otherwise as may be directed by the Board or as circumstances warrant. In addition, the Committee shall monitor activities of the Corporation on a quarterly basis, or more frequently if circumstances dictate.
2. A Member or an officer of the Corporation, or any other individual as may be appropriate, shall be appointed at each meeting to act as secretary for the purposes of recording the minutes of each meeting.

**III. REPORTING**

1. The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes of such meeting. Where minutes have not yet been published, the Chair shall provide the Board with oral reports as requested.
2. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair.
3. The Members shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Corporation and its subsidiaries. The Committee shall also have the right to hire independent counsel and other advisors at the Corporation’s expense, if necessary, to carry out its duties.

#### **IV. RESPONSIBILITIES**

1. The Committee shall have the general responsibility of: (i) meeting with the independent engineering firm commissioned to do the reserves evaluation on the Corporation's assets and discussing the conclusions of such report; (ii) regularly reviewing health and safety policies and procedures, monitoring compliance with such policies, maintaining management systems to implement such policies, and reporting on its findings to the Board; and (iii) regularly reviewing environmental activities in terms of environmental policy of the Corporation and reporting on its findings to the Board.

##### **(a) General Responsibilities**

The Committee's general responsibilities shall be:

- (i) to discuss and review with management the selection of an independent engineer for undertaking each reserves evaluation of the Corporation as the same may be required from time to time;
- (ii) to consider and review the impact of changing independent engineering firms;
- (iii) to receive the engineering report and consider the principal assumptions upon which it is based;
- (iv) to consider and review management's input into the independent engineering report and the key assumptions used;
- (v) to review the appropriateness of and update the Corporation's health, workforce safety, process safety and environmental policies, management systems and programs annually and report to the Board thereon, with appropriate recommendations;
- (vi) to ensure that the Corporation has the necessary tools to measure its business units' health, workforce safety, process safety and environmental performance and compliance with applicable codes, standards, regulations and laws;
- (vii) to review the health, workforce safety, process safety and environmental performance and, whenever relevant, any non-compliance situation of the Corporation's business units, to recommend the required corrective measures;
- (viii) to ensure that health, workforce safety, process safety and environmental risk management procedures and emergency response measures are in place, periodically updated and distributed within the Corporation. The Committee will review the appropriateness of these procedures and measures and make appropriate recommendations; and
- (ix) to report to the Board on the Corporation's health, workforce safety, process safety and environmental policies, programs and situations and make appropriate recommendations. Such report shall contain sufficient

information, indicating the nature and object of each of the Committee's recommendations, to ensure an efficient follow-up.

**(b) Specific Responsibilities**

The Committee's specific responsibilities shall be:

- (i) to review the expertise of the independent engineering firm which has prepared the Corporation's reserves and/or resources evaluations;
- (ii) to meet with the independent engineering firm to discuss their report and key assumptions employed, key areas of risk identified and other matters;
- (iii) to hold an in-camera session with the independent engineers to determine whether there are any disagreements or disputes with management and whether any undue pressure was placed upon them to reach certain conclusions;
- (iv) to review the reserve additions and reserve revisions which occur from one report to the next and to seek the independent engineer's input and management's input with respect to why these revisions have occurred;
- (v) to consider the information supplied to the independent engineers with respect to the product prices, operating costs, royalty burdens, required capital expenditures, recovery rates, decline rates and other matters;
- (vi) to assess the health, workforce safety, process safety and environmental risks and emergency situations brought to its attention to recommend the required corrective measures;
- (vii) to immediately communicate any incident giving rise to significant health, workforce safety, process safety or environmental risks to the Board;
- (viii) to recommend to the Board that the Corporation exercise due diligence with respect to non-compliance or emergency situations regarding health, workforce safety, process safety or environmental risks brought to its attention;
- (ix) to review and report to the Board on all legal notices or civil, penal and/or criminal prosecutions brought to its attention, as well as any significant report by regulatory agencies, external health, safety and environment consultants or auditors concerning the Corporation's performance regarding health, workforce safety, process safety and environmental matters;
- (x) to recommend to the Board measures, including necessary investments, taking into account available technologies and economic and financial restraints, to ensure compliance with applicable codes, standards, regulations and laws regarding the Corporation's health, workforce safety, process safety and environmental policies and programs;

- (xi) to analyze all health, workforce safety, process safety and environmental matters brought to its attention and deemed relevant or that the Board specifically asks the Committee to review; and
- (xii) to undertake such additional activities within the scope of its responsibilities as may be deemed appropriate in its discretion.