

# CANARC RESOURCE CORP.

## Compensation Committee Charter

The following Board Charter has been approved by the Board of Directors (the “**Board**”) of Canarc Resource Corp. (the “**Corporation**”).

### 1. Purpose of Compensation Committee

The Compensation Committee shall advise and make recommendations to the Board in its oversight role with respect to the Corporation’s strategy, policies and programs on the compensation and development of senior management and directors.

### 2. Composition

The Compensation Committee shall be comprised of a minimum of two members (each, a “Member”) of the Board, each of whom shall be unrelated and “independent”, as defined in National Instrument 52-110 *Audit Committees* or any successor policy, determined by the Board in accordance with the applicable requirements of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.

The members of the Compensation Committee shall be appointed by the Board annually and shall serve until they resign, cease to be a director of the Corporation, or are removed or replaced by the Board. The Board shall designate one member of the Compensation Committee as the chair of the Compensation Committee (the “Chair”), but if it fails to do so, then members of the Compensation Committee may designate the Chair by a majority vote of the full Compensation Committee membership.

### 3. Meetings

The Committee shall meet at least annually or more frequently as required. The Compensation Committee shall seek to act on the basis of consensus, but an affirmative vote of a majority of Members of the Compensation Committee participating in any meeting of the Compensation Committee shall be sufficient for the adoption of any resolution.

Members must be given 48 hours advance notice of each meeting, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call. A majority of Members will constitute a quorum for a meeting of the Compensation Committee. Each Member will have one vote and decisions of the Compensation Committee will be made by an affirmative vote of the majority. The chairperson will not have a deciding or casting vote in the case of an equality of votes. Powers of the Compensation Committee may also be exercised by a written resolution signed by all Members.

### 4. Duties and Responsibilities

The Compensation Committee’s generally include, but are not restricted to, undertaking the following:

1. review and assess the adequacy of this Charter annually and, where necessary, recommend changes to this Charter to the Board;

2. review the adequacy and form of compensation (including salary, bonus, and stock options) of senior management and ensure that the compensation realistically reflects the risks and responsibilities of such positions;
3. review and approve the terms of the employment and severance agreements of the senior management of the Corporation;
4. review and recommend to the Board for approval policies relating to compensation of the Corporation's senior management and directors;
5. review and approve the statement of executive compensation required to be included in the management proxy circular of the Corporation;
6. review and approve any other executive compensation disclosure before it is publically disclosed by the Corporation;
7. review the performance of the Corporation's senior management and recommend annually to the Board for approval the amount and composition of compensation to be paid to the Corporation's senior management;
8. review and approve the corporate goals and objectives relevant to Chief Executive Officer, President and Chief Financial Officer and other senior officer's compensation, as relevant, evaluate their performance in light of these goals and objectives and set their compensation based on this evaluation;
9. review and make recommendations to the Board with respect to bonuses, stock option and other incentive plans for the benefit of senior management;
10. oversee the administration of the Corporation's employee stock option plan for the benefit of directors, officers and employees of and services providers to the Corporation and its subsidiaries;
11. review the adequacy and form of the compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks of such positions and fix the amount and composition of compensation to be paid to members of the Board and the committees thereof;
12. review and assess the design and competitiveness of the Corporation's compensation and benefit programs generally;
13. report to the Board on all other matters and recommendations made by the Compensation Committee;
14. follow the process established by it for all committees of the Board for assessing the performance of the Committee; and
15. exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

## 5. **General**

This Charter may from time to time be amended pursuant to regulatory rules, regulations and trends as required, subject to the approval of the Board.

*Approved by the Board as of the date first written above.*