



***NORTH
AMERICAN***
ENERGY PARTNERS INC.

COMPENSATION COMMITTEE CHARTER

DATE OF ISSUE:	December 7, 2006
VERSION NO.:	2
PROCEDURES:	See Appendix A and B

North American Energy Partners Inc.

COMPENSATION COMMITTEE CHARTER

1. MANDATE & AUTHORITY

- 1.1. The Board of Directors (the Board) of North American Energy Partners Inc. (the Company) has established a Compensation Committee (the Committee) to assist the Board in meeting its oversight responsibilities. The Committee's primary responsibilities are to:
- review the Company's philosophy and guidelines on director and executive compensation;
 - review, approve and recommend to the Board the recruitment, evaluation and succession plans for the executive management of the Company;
 - review and recommend to the Board the goals, objectives and performance measures for the President and Chief Executive Officer ("CEO");
 - review and recommend to the Board a compensation package for the Committee Chairs and other directors;
 - review and approve [and recommend to the Board in the case of the CEO] a compensation package including variable incentive compensation and benefits for the executive management of the Company; and
 - review and recommend to the Board the structure, implementation, participation, amendments or termination of the Share Option Plan.
- 1.2. The Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities. The Committee will have the authority to engage and compensate independent counsel and other advisors, as it determines necessary to carry out its duties. The Company will provide the resources and funding required by the Committee to carry out its duties.
- 1.3. The Committee will take reasonable steps to ensure that management establishes and maintains the controls, procedures and processes that comply with all appropriate laws, regulations or policies of the Company. It is not the responsibility of the Committee to conduct investigations or to ensure compliance with laws or regulations or Company policies. Management is responsible for establishing and maintaining the controls, procedures and processes over these matters and the Committee has the responsibility to ensure they exist.

- 1.4. The Committee will have unrestricted access to the Company's personnel and documents and direct communication channels to any member of management as it deems appropriate.

2. MEMBERSHIP

- 2.1. The Committee will be composed of a minimum of three directors of the Company. Each member of the Committee will be appointed by the Board.
- 2.2. The Board will appoint one of the members as Chair of the Committee.
- 2.3. All members of the Committee must be independent as that term is defined under the requirements of applicable securities laws and the standards of any exchange on which the Company's securities are listed taking into account any transitional provisions that are permitted.
- 2.4. Members will serve a one-year term and may serve consecutive terms to ensure continuity of experience. The Board will appoint members annually to the Committee at the Board meeting that coincides with the annual shareholder meeting. Any member who ceases to be a director of the Company is automatically removed as a member of the Committee. Any member may resign from the Committee and the Board maintains the authority to remove the Chair or any member from the Committee.
- 2.5. The responsibilities of a member of the Committee are in addition to that member's duties as a director.
- 2.6. The Board will provide orientation and continuing education opportunities for the members.

3. MEETINGS

- 3.1. Committee meetings will be conducted in a manner consistent with the Company By-laws, the Canada Business Corporations Act and this Charter.
- 3.2. The Notice of Meeting will be governed by the Company By-laws. Meetings will be called by the Chair or any other member of the Committee as appropriate.
- 3.3. The Chair will determine the time, place and procedures for Committee meetings, subject to the requirements of this Charter.
- 3.4. Any director of the Company may attend Committee meetings; however, only members of the Committee are eligible to vote or establish a quorum.

- 3.5. The Committee will meet a minimum of two times per year and will determine whether additional meetings are required.
- 3.6. The Chair of the Committee will preside at and chair all meetings of the Committee. If the Chair is absent from a meeting, the remaining members of the Committee will appoint a member to act as Chair for that meeting.
- 3.7. A quorum for a meeting will be established if a majority of the members are present. Members of the Committee may participate in a meeting through any means which permits all parties to communicate adequately with each other. Any member not physically present but participating in the meeting through such means is deemed to be present at the meeting. A quorum, once established, is maintained even if members of the Committee leave before the meeting concludes.
- 3.8. In the event of a tie vote on a resolution, the issue will be forwarded to the full board for a vote.
- 3.9. A resolution signed by all members of the Committee entitled to vote on that resolution is as valid as if it had been passed at a meeting of the Committee.
- 3.10. In-camera sessions may be held as deemed necessary with any advisor engaged by the Committee, the individual responsible for the human resource function, management and the Committee by itself.
- 3.11. The Corporate Secretary or another person appointed by the Chair will act as secretary of the Committee meetings.
- 3.12. The secretary of each meeting will keep minutes of such meeting, which will record the decisions reached by the Committee.
- 3.13. The minutes will be distributed to Committee members with copies provided to (a) the Board; (b) the CEO; and (c) the Vice President, Human Resources, Health, Safety & Environment.
- 3.14. The Corporate Secretary will file the Committee minutes and all meeting material with the corporate minute books.

4. RESPONSIBILITIES

The Committee is responsible for the following:

4.1. General

- 4.1.1. The Committee will meet as set out in section 3 above.

- 4.1.2. The Committee will report to the Board on all matters in this charter as well as such matters as the Board may from time to time refer or delegate to the Committee.
- 4.1.3. The Committee will review and reassess the adequacy of the charter annually, submit such evaluation to the Board and recommend any proposed changes to the Board for approval.
- 4.1.4. The Committee members will annually conduct an assessment of the effectiveness of the Committee.

4.2. **Compensation Philosophy**

- 4.2.1. The Committee will review and recommend to the Board for approval, the Company's compensation philosophy and guiding principles. The Committee will assess whether the Company's financial and non-financial performance indicators and the variable incentive plans are consistent with Company policy.
- 4.2.2. The Committee will review the Company's high level functional and organizational structure and where appropriate recommend to the Board any material changes thereto.

4.3. **Executive Management**

- 4.3.1. Upon recommendation from the CEO the Committee will review and recommend to the Board for approval, the appointment of any person to executive management (except the CEO) or as a corporate officer of the Company. Executive management includes the CEO and all individuals reporting directly to the CEO. The Committee has the right of veto and if the Committee does not approve the CEO's recommendation of a person to be appointed to executive management, the person will not be appointed.
- 4.3.2. The Committee will review and approve all agreements between the Company and any member of executive management dealing with employment, termination, retirement or other special circumstance.
- 4.3.3. The Committee will review and recommend to the Board for approval the position description for the CEO (see Appendix A).
- 4.3.4. The Committee will review and recommend to the Board for approval the annual goals and objectives for the CEO.

- 4.3.5. The Committee will annually review and evaluate the CEO's performance relative to the goals and objectives and the requirements of the position description.
- 4.3.6. The Committee will review the CEO's performance evaluations of the members of executive management reporting to the CEO.
- 4.3.7. The Committee will review and approve the succession plans for executive management including specific development plans and career planning for potential successors. The Committee will review and recommend to the Board the succession plan for the CEO.

4.4. Executive Compensation & Benefits

- 4.4.1. The Committee will review and recommend to the Board for approval the adequacy and form of compensation for executive management.
- 4.4.2. The Committee will regularly review the levels and types of benefits granted to executive management, including any material special benefits or perquisites. Such benefits will be subject to the terms, as applicable, of any corporate-wide employee benefit plans and guidelines established by the Board.
- 4.4.3. The Committee will review and approve the management incentive plan for executive management.
- 4.4.4. The Committee will review and recommend to the Board for approval the CEO's compensation, including any bonus payment, based on the Committee's evaluation of the CEO's performance.
- 4.4.5. On the recommendation of the CEO, the Committee will review and approve the compensation (including perquisites, annual bonus and other incentive awards) of individual members of executive management other than the CEO.

4.5. Other Compensation

- 4.5.1. The Committee will review and approve the design of any bonus plan.
- 4.5.2. The Committee will review and approve the annual general salary increase by setting the maximum percentage change in the aggregate cost of salary for the Company's full-time permanent employees.

4.6. Share Option Plan

- 4.6.1. The Committee will review and recommend to the Board for approval any proposed changes to the Share Option Plan and Share Option Agreement.
- 4.6.2. The Committee will review the eligibility of participants in the Share Option Plan.
- 4.6.3. The Committee will review and recommend to the Board for approval any new stock option grants under the Share Option Plan.
- 4.6.4. The Committee will review and recommend to the Board for approval any modification to the total number of shares reserved under the Share Option Plan.

4.7. Director Compensation

- 4.7.1. The Committee will review and recommend to the Board for approval, the director compensation including the quarterly retainer and meeting fees and the annual retainer paid to the Chair of the Board and to the Chairs of the committees of the Board (see Appendix B for current schedule of director fees).

4.8. Reporting

- 4.8.1. The Committee will review and approve reports on executive compensation for publication in the Company's information circulars and similar disclosure documents as required by law. Specifically, the Committee will produce a report on executive compensation as required by the Securities and Exchange Commission (SEC), to be included in the Company's annual proxy statement or annual report filed with the SEC.

Prepared By:	Approved By:	Date of Approval and Issue:
/s/ Vincent Gallant	/s/ Richard Paterson	December 7, 2006
Vincent Gallant Vice President, Corporate and Secretary	Richard Paterson, Chair Compensation Committee	

Appendix A: Position Description

President and Chief Executive Officer

The President and Chief Executive Officer (“CEO”) is responsible for the successful management of the business and affairs of North American Energy Partners Inc. (the “Company”).

Pursuant to the Company’s Delegation of Authority Guideline, the CEO has the responsibility to:

1. report to and work with the Board so that it may fulfill its oversight role;
2. advise the Board in a timely manner of major issues and risks that may affect the Company;
3. recommend to the Board the strategic direction of the Company and implement approved operational and business plans;
4. provide the overall leadership, direction and management of the business operations to achieve the Company’s goals and objectives;
5. allocate financial and human capital for the successful management and financial performance of the Company;
6. foster a culture of integrity and set the ethical tone for the Company;
7. establish the policies and procedures to effectively operate the Company in an efficient and controlled manner;
8. monitor and manage the risks of the Company;
9. recommend to the Board any acquisition, merger, divestiture and the entry or exit of any business unit of the Company;
10. establish the corporate structure and major accountabilities;
11. oversee the relationship between the Company and the public;
12. develop, supervise and evaluate the executive officers and recommend to the Compensation Committee the selection and compensation of executive officers; and
13. identify potential successors for the positions of CEO and develop a succession plan for executive management.

Appendix B: Schedule of Director Fees

<u>Description</u>	<u>Fee Amount</u> ¹	<u>Fee Type</u>	<u>Payment Frequency</u>
Chair of the Board	\$150,000	annual retainer ²	semi-monthly
Director	\$ 32,500	annual retainer	at end of each quarter
Audit Committee Chair	\$ 10,000	annual retainer	at end of each quarter
Board member	\$ 1,500	meeting attendance fee	at end of each quarter
Committee member	\$ 1,500	meeting attendance fee	at end of each quarter

Exceptions

President & CEO no director or attendance fees paid

¹ Effective beginning January 1, 2004

² Chairman of Board – no meeting attendance fee