



RESERVES EVALUATION COMMITTEE

CHARTER

**February 2006
as revised November 2010**

BIRCHCLIFF ENERGY LTD.

RESERVES EVALUATION COMMITTEE CHARTER

1) Purpose

A committee of the Board known as the “**Reserves Evaluation Committee**” was appointed by the Board on May 31, 2005 for the purposes of having a small committee consisting of members of the Board, who are independent of management of the Corporation, to do the basic planning, investigation and review work necessary for the Board to discharge its obligations pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”) and its corporate obligations to its shareholders.

2) Definitions

Capitalized terms used and not otherwise defined herein, have the meanings given to them in NI 51-101. For the purposes of this Charter, the following terms have the following meanings:

- (a) “**Board**” means the Board of Directors of the Corporation;
- (b) “**Committee**” means the Reserves Evaluation Committee of the Board;
- (c) “**Corporation**” means Birchcliff Energy Ltd.;
- (d) “**Independent**” in reference to a member of the Committee means an individual who (i) are individuals who are not and have not been, during the preceding 12 months: (A) an officer or employee of the Corporation or an affiliate; (B) a person who beneficially owns 10 percent or more of the outstanding voting securities of the Corporation; or (C) a relative of a person referred to above, residing in the same home as that person; and (ii) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgment.
- (e) “**Independent**” in reference to the relationship between the Corporation and the Reserves Evaluator means a relationship in which there is no circumstance that could, in the opinion of a reasonable person aware of all relevant facts, interfere with that person or company’s exercise of judgment regarding the preparation of information used by the Corporation’
- (f) “**NI 51–101**” means National Instrument 51–101 - “Standards of Disclosure for Oil and Gas Activities” promulgated by securities regulatory authorities in Canada as supplemented and amended from time to time;
- (g) “**Qualified Reserves Auditor**” means a individual who (i) in respect of particular reserves data, resources or related information, possesses professional

qualifications and experience appropriate for the estimation, evaluation, review and audit of the reserves data, resources and related information and (ii) is a member in good standing of a Professional Organization;

- (h) **“Qualified Reserves Evaluator”** means an individual who (i) in respect of particular reserves data, resources or related information, possesses professional qualifications and experience appropriate for the estimation, evaluation and review of the reserves data, resources and related information and (ii) is a member in good standing of a Professional Organization;
- (i) **“Reserves Evaluator”** means the Qualified Reserves Auditor or Qualified Reserves Evaluator engaged by the Corporation for the purpose of preparing and issuing Reserves Reports; and
- (j) **“Reserves Report”** means a written report setting forth an estimate of the Corporation’s oil and natural gas reserves and of the future net revenues to be derived from the Reserves Evaluation that has been prepared by the Reserves Evaluator.

3) **Composition of the Committee**

- a) The Committee shall be composed of a minimum of three members, each of whom must be a member of the Board.
- b) A majority of the members of the Committee must be Independent.
- c) Every member of the Committee must be familiar with oil and natural gas reserves evaluation procedures and reporting processes.
- d) The initial Reserves Evaluation Committee shall be comprised of the members already appointed by the Board and Mr. Larry Shaw has been appointed as the chairman of the initial Committee.
- e) A member of the Committee shall remain so until he or she is removed by a resolution of the Board, resigns, or ceases to be a member of the Board.

4) **Transaction of Business by the Committee**

- a) Transaction of Business: The Committee shall transact its business in accordance with governing corporate legislation and the provisions of the by-laws of the Corporation. To the extent not provided either therein or in the provisions of this Charter, the Committee may determine the manner in which it will transact its business by way of resolution passed by a majority of votes cast thereon.
- b) Communication with Reserves Evaluator: The Committee may at any time communicate directly with the Reserves Evaluator and vice-versa.

- c) Calling of Meetings: The Chairperson shall call a meeting of the Committee at least annually. The Chairperson or any other member of the Committee may call a meeting of the Committee as circumstances dictate. Upon a request from the Reserves Evaluator, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters that the Reserves Evaluator desire to bring to the attention of the Committee.
- d) Quorum: A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee.
- e) Invitees: To the extent that he is not a member of the Committee, the Chief Operating Officer of the Corporation and the Vice President, Engineering of the Corporation may, at the discretion of the chairman of the Committee, be invited to attend any meeting of the Committee. If not a member of the Committee, such invitees shall have no voting rights at any meeting of the Committee.
- f) Voting: All motions made at a meeting of the Committee shall be decided by a simple majority of votes cast by members of the Committee who vote on such motion. In the event of a tied vote on any motion, the Chairperson of the Committee shall have a second or casting vote.
- g) Minutes: Minutes shall be prepared of all meetings of the Committee. A copy of such minutes shall be circulated to all members of the Committee and the Board.
- h) Inspection of Records: The Committee has the right to inspect all books and records of the Corporation to the extent that they relate to matters that are the responsibility of the Committee under this Charter.
- i) Consultants and Legal Advisors: The Committee may retain such consultants or advisors (including legal counsel independent of legal counsel to the Corporation) as it may consider desirable to assist it in fulfilling its mandate and responsibilities as provided in this Charter and may set the compensation to be paid thereto.

5) **Authorities and Responsibilities**

- a) Authority and Responsibility: The Committee is granted the authority and assigned the responsibility to assist the Board in fulfilling its duties to oversee the relationship between the Corporation and the Reserves Evaluator and the Corporation's reserves reporting process but the Committee does not have the authority to approve the filings contemplated by NI 51-101.
- b) Specific Responsibilities: In fulfilling its responsibilities, the Committee shall discharge the specific responsibilities set forth below to the extent that the subject matter thereof is not considered and resolved by the entire Board.
- c) Appointment of Reserves Evaluator: The Committee shall review and make recommendations to the Board regarding the appointment of a Qualified Reserves Auditor or a Qualified Reserves Evaluator for appointment as Reserves Evaluator. The

Qualified Reserves Auditor or Qualified Reserves Evaluator so recommended by the Committee must be Independent.

- d) Relationship with Reserves Evaluator: The Committee shall review and confirm on at least an annual basis that the Reserves Evaluator is Independent. If it is proposed to replace the Reserves Evaluator, the Committee shall determine the reasons for the proposed change and whether there have been disputes between the present Reserves Evaluator and management of the Corporation. The Committee shall review and approve the hiring of any partner, employee or former partner or employee of the present and all former Reserves Evaluators.
- e) Preparation of Reserves Reports: The Committee shall oversee the work of the Reserves Evaluator in preparing Reserves Reports; in particular, the Committee shall:
 - (i) meet with management of the Corporation and the Reserves Evaluator to determine the timing and scope of Reserves Reports and any other independent reservoir engineering analysis in respect of which the Corporation desires to engage the Reserves Evaluator and to ensure that all information reasonably necessary to enable the Reserves Evaluator to fulfill their engagement has been made available to the Reserves Evaluator;
 - (ii) ensure that all Reserves Reports are prepared in accordance with the requirements provided in NI 51-101;
 - (iii) meet with the Reserves Evaluator subsequent to their preparation of a Reserves Report to receive their comments thereon and to determine whether any restrictions affected their ability to deliver such report without reservation or qualification;
 - (iv) to the extent not provided for above, review on a periodic basis the procedures that govern the provision of information from management of the Corporation to the Reserves Evaluator;
 - (v) to the extent not provided for above, resolve all disagreements between management of the Corporation and the Reserves Evaluator; and
 - (vi) to the extent not provided for above, ensure that the Reserves Evaluator reports directly to the Committee.
- f) Approval of Reserves Reports: The Committee shall review all Reserves Reports at a meeting with management of the Corporation and the Reserves Evaluator and shall make recommendations to the Board regarding the approval thereof. The Committee shall also review all reports and statements required to be filed pursuant to NI 51-101 including the:
 - (i) breakdown of Proved Reserves;

- (ii) Net Present Value of Future Net Revenue; and
- (iii) additional information concerning Future Net Revenue;

and shall make recommendation to the Board regarding the approval and filing thereof.

- g) Disclosure of Reserves Reports: The Committee shall review on a periodic basis the Corporation's procedures relating to the disclosure of Reserves Reports (or any information derived therefrom) and other information relating more generally to the oil and gas activities of the Corporation and the procedures for complying with the requirements and restrictions provided in NI 51-101.
- h) Use of Reserves Reports: Unless an express disclaimer is provided that such report has not yet been adopted by the Board, a Reserves Report shall not be distributed to any third party (including the bankers of the Corporation) unless and until such report has been adopted by the Board upon the recommendation of the Committee.