

# LGX OIL + GAS INC.

## RESERVES COMMITTEE MANDATE

The Reserves Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of LGX Oil + Gas Inc. (the “Corporation”). The primary function of the Committee is to assist the Board in the selection, engagement and instruction of an independent reserves evaluator for the Corporation and its affiliates, ensuring there is a process in place to provide all relevant reserves data to the independent reserves evaluator, monitoring the preparation of the independent reserves evaluation of the Corporation and its affiliates and reviewing the annual independent reserves evaluation of the Corporation and its affiliates and any other independent reserves evaluations prepared for the Corporation.

### 1. Reporting

The Committee shall report to the Board.

### 2. Composition of Committee

The Committee shall consist of a minimum of three directors appointed by the Board. The majority of the members of the Committee shall meet the independence requirements set out in *National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities*. The duties and responsibilities of a member of the Committee are in addition to his or her duties and responsibilities as a Director.

### 3. Appointment of Committee Members

Members of the Committee shall be appointed at the first meeting of the Board held after each annual meeting of the shareholders of the Corporation, provided that any member may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board.

### 4. Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

### 5. Chairman

The Board shall appoint the Chairman of the Committee. The role of the Chairman is to act as leader of the Committee to manage and co-ordinate the meetings and activities of the Committee and to oversee the execution by the Committee of its duties and responsibilities.

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen to preside by a majority of members of the Committee present at such meeting.

## **6. Committee Meetings**

The Committee shall meet prior to the end of each fiscal year to select and appoint the independent reserves evaluator of the Corporation and its affiliates and shall conduct such further meetings as are necessary to co-ordinate preparation of the annual reserves evaluation of the Corporation and its affiliates, to review the draft and final reports and to form a recommendation to the Board. The Chairman may call additional meetings as required. In addition, a meeting may be called by the Board Chairman, the Chief Executive Officer or any member of the Committee.

Committee meetings may be held in person, by video conference, by means of telephone, by means of other electronic or other communication facility that permits each person to communicate with each other during the meeting or by a combination of any of the foregoing.

The Committee may, by specific invitation, have other resource persons in attendance.

The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

Directors, who are not members of the Committee, may attend Committee meetings, on an ad hoc basis, upon prior consultation and approval by the Committee Chairman or by a majority of the members of the Committee.

At the request of the Committee or its Chairman, certain members of senior management and others may attend Committee meetings on a regular basis.

The Committee shall meet “in-camera” with the qualified reserves evaluators prior to the public release of the annual reserves estimates of the Corporation and its affiliates.

## **7. Notice of Meeting**

Notice of the time and place of every meeting may be given orally, or in writing, or by facsimile to each member of the Committee at least 48 hours prior to the time fixed for such meeting.

A 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 a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

## **8. Quorum**

A majority of Committee members, present in person, by video conference, by telephone, by other electronic or communication facility or by a combination thereof, shall constitute a quorum. Resolutions of the Committee shall be carried by a majority of the votes of the members of the Committee present at the meeting.

## **9. Minutes**

At each meeting, the Committee shall appoint a recording secretary to take the minutes of the meeting. Minutes of Committee meetings shall be sent to all Committee members. The full Board of Directors shall be kept informed of the Committee's activities by a report following each Committee meeting.

## **10. Outside Resources**

The Committee may engage independent outside resources, at the expense of the Corporation, if it deems it necessary to carry out its responsibilities.

## **11. Responsibilities**

The Committee shall:

- (a) review the procedures of the Corporation relating to the disclosure of information with respect to oil and gas reserves data, and in connection therewith shall:
  - ◆ consider the adequacy of procedures for disclosure of reserves related information to regulatory authorities and investors,
  - ◆ review the procedures for providing information to the qualified reserves evaluators or auditors,
  - ◆ review compliance with applicable regulations and policies, and
  - ◆ make appropriate reports and recommendations to the Board concerning the disclosure of oil and gas reserves data;
- (b) annually review the selection and engagement of the qualified reserves evaluators or auditors chosen to report to the Board on oil and gas reserves data, including:
  - ◆ considering the expertise of the proposed firms, and, in particular, the responsible individuals,
  - ◆ considering the independence of the proposed firms,
  - ◆ in the case of a proposed change in the evaluators from the previous year, determining the reasons for such proposed change and whether any disputes have arisen between the previous qualified reserves evaluators or auditors and management;
- (c) annually review and approve the expected fees of the independent reserve evaluators;

- (d) review the annual reserves estimates of the Corporation and its affiliates prior to public disclosure including:
- ◆ review of the scope of work of the qualified reserves evaluators or auditors,
  - ◆ review the reserves estimates of the qualified reserves evaluators or auditors,
  - ◆ review of any material change to reserves,
  - ◆ meet separately with management and with the qualified reserves evaluators or auditors with respect to such estimates and to determine whether any restrictions affect the ability of the qualified reserves evaluators or auditors to report on reserves data without reservation, and
  - ◆ make recommendations to the Board with respect to the content, filing and release of such disclosure, as applicable; and
- (e) conduct such interim reviews of internal reserves estimates as it sees fit to direct from time to time.