

## **RESERVES COMMITTEE MANDATE AND TERMS OF REFERENCE**

### **Role and Objective**

The Reserves Committee (the "Committee") is a committee of the board of directors (the "Board") of Palliser Oil & Gas Corporation ("Palliser" or the "Corporation") to which the Board has delegated the responsibility for the matters set forth herein in respect of certain responsibilities of the Board that may be delegated to it in accordance with National Instrument 51-101 ("NI 51-101").

### **Membership of Committee**

1. The Committee shall be comprised of at least three (3) directors of Palliser, a majority of the members of which:
  - (a) are individuals who are not and have not been, during the preceding 12 months:
    - (i) an officer or employee of Palliser or of an affiliate of Palliser;
    - (ii) a person who beneficially owns 10% or more of the outstanding voting securities of Palliser; or
    - (iii) a relative of a person referred to in subparagraphs (i) or (ii), residing in the same home as that person; and
  - (b) are free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgment.
2. The Board shall appoint the Committee Chair, who shall be an unrelated director.

### **Mandate and Responsibilities of the Committee**

The Committee shall be responsible for:

1. reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
2. reviewing with reasonable frequency the Corporation's procedures for providing information to the independent evaluator;
3. meeting, as considered necessary, with management and the independent evaluator, to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the "Reserves Data") and to

- review the Reserves Data and the report thereon of the independent evaluator (if such report is provided);
4. reviewing the appointment of the independent evaluator and, in the case of any proposed change to change the independent evaluator, determine the reason therefor and whether there have been any disputes between the independent evaluator and management;
  5. providing a recommendation to the Board of Directors as to whether to approve the content and/or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
  6. reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities; and
  7. generally, reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least one time per year and at such other times as the Chair of the Committee may determine.
5. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
6. The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
7. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
8. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
9. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and

whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

10. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.

**Review of Mandate**

The Committee Chairman, in consultation with the Committee as a whole or in consultation with any appropriate committee of the Board, shall meet at least annually or more frequently, if required, with the Committee or with any appropriate committee of the Board, to review and consider amendments to this mandate and bring any recommended amendments forward to the Board for consideration.

Approved: August 7, 2008