

PETROSHALE INC.

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 PetroShale Inc. ("PetroShale" 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").

Composition of Committee

1. The Committee shall be comprised of at least three (3) directors of the Corporation. The members shall meet the criteria set out in NI 51-101 (as amended from time to time).
2. The Board shall appoint the members of the Committee. The Board shall appoint one of the members of the Committee to be the Chair of the Committee (the "**Chairman**").
3. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation. A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
4. The Secretary of the Corporation shall be the Secretary of the Committee.

Mandate and Responsibilities of the Committee

The Committee shall be responsible for:

1. reviewing the procedures of the Corporation 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 the Corporation's procedures for providing information to the independent reserves evaluator;
3. meeting, as considered necessary, with management and the independent reserves 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") or to review the Reserves Data (if such report is prepared by management);
4. approving the appointment of the independent reserves evaluator and, in the case of any proposal of management to change the independent reserves evaluator, determine the reason therefor and whether there have been any disputes with 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 reserves evaluator 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 disclosure of estimates of the Corporation's reserves.

Meetings and Administrative Matters

1. The Committee shall convene a minimum of once each year at such time and place as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the external auditors, the independent reserve evaluator or a senior officer of the Corporation.
2. Notice of each meeting of the Committee shall be given to each member and to the external auditors and independent reserve evaluator, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee or the Secretary of the Committee, and shall:
 - (a) Be in writing.
 - (b) State the nature of the business to be transacted at the meeting in reasonable detail.
 - (c) To the extent practicable, be accompanied by copies of documentation to be considered at the meeting.
 - (d) Be given at least forty-eight (48) hours' notice preceding the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
3. 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 be entitled to a second or casting vote.
4. 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.
5. 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.
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. At each regular meeting of the Committee, the agenda shall include an opportunity for the members of the Committee to meet in-camera.
8. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting.
9. Minutes of the meetings of the Committee shall be retained by the Secretary of the Corporation and shall be available, on request, to any member of the Board

10. 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 without any further approval of the Board.
11. 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.
12. The Committee has the authority to approve amendments to the mandate and terms of reference of the Committee without the approval of the Board of the Corporation provided that such amendments are minor or administrative in nature. Otherwise, changes to this mandate and the terms of reference should be referred to the Board for their approval.

PETROSHALE INC.

TERMS OF REFERENCE FOR THE RESERVES COMMITTEE CHAIR

The term "**Corporation**" refers to PetroShale Inc., the term "**Board**" refers to the Board of Directors of the Corporation, the term "Committee" refers to the Reserves Committee of the Board, and the term "**Chair**" refers to the chairperson of the Committee. The term "**NI 51-101**" refers to National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and the term "**Reserves Data**" has the meaning ascribed thereto in NI 51-101.

I. INTRODUCTION

- A. The Chair is appointed annually by the Board and reports to the Board.
- B. The Chair's primary role is managing the affairs of the Committee, including ensuring the Committee is organized properly, functions effectively and meets its obligations and responsibilities.
- C. The Chair works with the Chief Financial Officer ("CFO") of the Corporation to ensure effective relations with Committee members.
- D. The Chair maintains on-going communications with the CFO and with such other officers of the Corporation as the Chair determines appropriate.
- E. The Chair, in conjunction with the Committee, maintains ongoing communications with the Corporation's independent reserves evaluator.

II. DUTIES AND RESPONSIBILITIES

A. Working With the Corporation and the Corporation's Independent Reserves Evaluator

The Chair has the responsibility to:

- (a) lead the Committee in overseeing the work of the Corporation and the Corporation's Reserves Data management team and the Corporation's independent petroleum reserves evaluator;
- (b) lead the Committee in overseeing the integrity of the Corporation's Reserves Data and Reserves Data reporting process, including the Corporation's internal Reserves Data preparation controls and procedures, the preparation of the report prepared by the Corporation's independent petroleum reserves evaluator in respect of the Corporation's Reserves Data, and compliance with related legal and regulatory requirements, including NI 51-101; and
- (c) report to the Board after each Committee meeting at the Board's next meeting.

B. Managing the Committee

The Chair has the responsibility to:

- (a) ensure the Committee is alert to its obligations to the Board and pursuant to law;

- (b) chair Committee meetings;
- (c) establish the frequency of Committee meetings and review such frequency from time to time, as considered appropriate (provided, however, that Committee meetings may be called by the Chair at any time or at the request of two members of the Committee);
- (d) assist the Board in its recommendation of Committee members and its review of the performance and suitability of the Committee;
- (e) ensure the co-ordination of the agenda, information packages and related events for Committee meetings in conjunction with the CFO;
- (f) maintain a liaison and communication with Committee members, other directors and the Board Chairperson to co-ordinate input from Committee members and directors, and optimize the effectiveness of the Committee;
- (g) in collaboration with the CFO, ensure information requested by Committee members is provided and meets their needs;
- (h) in conjunction with the Board, review and assess Committee attendance, performance and compensation and the size and composition of the Committee; and