



RESERVES AND HSE COMMITTEE CHARTER

1. Purpose

The Reserves and Health, Safety and Environment (“**HSE**”) Committee (the “**Committee**”) of Painted Pony Energy Ltd. (the “**Corporation**”) is a committee of the Board of Directors (the “**Board**”).

The Committee shall oversee the evaluation and disclosure of the Corporation’s oil and gas reserves and resource data, with a view to ensuring the integrity and credibility of such disclosure and compliance with regulatory requirements. The Committee shall also oversee HSE matters in accordance with the Corporation’s commitment to injury prevention, good environmental stewardship and compliance with laws. The Committee shall oversee the effectiveness of the Corporation’s risk management processes, principles and plans designed and implemented by management to deal with risks relating to reserves evaluation and reporting and relating to HSE matters.

2. Objective

The objectives of the Committee are to assist the Board in fulfilling its responsibilities with respect to:

- (a) the preparation and disclosure of information regarding the Corporation’s oil and gas reserves and resources in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”);
- (b) the consideration, selection and appointment of the Corporation’s independent qualified reserves evaluator (the “**Reserves Evaluator**”);
- (c) the oversight of the Corporation’s procedures and systems relating to the evaluation and disclosure of reserves and resource data;
- (d) the communication between management, the Reserves Evaluator and the Board;
- (e) oversight of the Corporation’s systems, policies and processes for management of HSE matters; and
- (f) oversight of the design and implementation of all the Corporation’s risk management processes associated with (i) the estimation and reporting of the Corporation’s oil and gas reserves and (ii) HSE matters; including the identification, analysis, categorization, prioritization, mitigation and monitoring of such risks.

3. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

The majority of the members of the Committee must be independent, within the meaning of the provisions of section 3.5 of NI 51-101.

Chair

The Board shall designate one member of the Committee as the Chair of the Committee (the “**Chair**”), who shall be an independent director.

The Chair shall be responsible for ensuring that the Committee is properly organized, functions effectively and meets its obligations and responsibilities. The Chair shall be responsible for the scheduling of Committee meetings and the establishment of meeting agendas. The Chair shall liaise and communicate with the Chair of the Board to coordinate reports from the Committee at meetings of the Board.

The Chair shall preside over all meetings of the Committee, and in the Chair’s absence, the members of the Committee may designate from among such members a chair for the purposes of such meeting.

Term of Members

Each member of the Committee shall be appointed by the Board and serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Delegation

The Committee may designate a sub-committee or any member to review any matter within this Charter as the Committee deems appropriate.

4. Meetings

Number of Meetings

The Committee may meet as many times per year as the Chair may determine, and as necessary to carry out its duties and responsibilities, but at a minimum, shall meet four times per year.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee, present in person or by telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other, shall constitute a quorum.

Calling of Meetings

Any member of the Committee or the auditor may call a meeting of the Committee.

Business at Meetings

The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution of the Committee. In case of an equality of votes the Chair shall not be entitled to a second or casting vote.

Secretary

The General Counsel and Corporate Secretary of the Corporation shall serve as Secretary to the Committee. The Corporate Secretary shall attend all Committee meetings; ensure proper minutes and other records are maintained; manage the preparation and delivery of Committee materials; and perform such other duties as may be required or requested from time to time. The Corporate Secretary is responsible for advising the Committee on compliance with this Charter and the statutory and regulatory obligations of the Committee.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Draft minutes shall be circulated to the Chair within a reasonable time after a meeting.

Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair should report to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The executive officer responsible for HSE matters or the HSE Manager shall attend quarterly meetings of the Committee for the purpose of presenting a report regarding HSE matters and activities in the quarter and such other items as the Committee may request.

The Committee may also invite to a meeting any directors, officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

In Camera Meetings

At each of its meetings the Committee shall hold an *in camera* meeting of Committee members, at which management or advisors are not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board, unless otherwise determined by the Committee or the Board.

Access to Information

The Committee shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation.

5. Duties and Responsibilities

Oversight of Reserves Evaluation and Reporting Systems and Procedures

The Committee shall:

- (a) review, with reasonable frequency, the Corporation's procedures relating to (i) the disclosure of information with respect to oil and gas reserves and resource data, including its procedures for complying with the disclosure requirements and restrictions contained NI 51-101; and (ii) the provision of information to the Reserves Evaluator; and shall consider the adequacy of such procedures;
- (b) review compliance with applicable regulations and policies; and
- (c) consider the risks associated with the estimation and reporting of the Corporation's oil and gas reserves and resource.

Appointment of Independent Qualified Reserves Evaluator

The Committee shall annually review the appointment of the Reserves Evaluator, and in connection therewith:

- (a) consider the expertise and qualifications of the proposed Reserves Evaluator, and in particular, the responsible individuals;
- (b) consider the independence of the proposed Reserves Evaluator;
- (c) review and approve the expected fees of the Reserves Evaluator;
- (d) in the case of a proposed change of evaluator, determine the reason for the proposed change and whether any disputes have arisen between the previous evaluator and management of the Corporation;
- (e) make a recommendation to the Board with respect to the approval of such appointment; and
- (f) direct the Reserves Evaluator to report to the Board regarding the Corporation's reserves and resource data to be disclosed in accordance with the requirements of NI 51-101.

Review and Approval of Reserves Reports

Before any reports are filed by the Corporation relating to reserves or resource data, the Committee shall:

- (a) ensure that the Reserves Evaluator has been provided all information reasonably required to report on the Corporation's oil and gas reserves and resource data in accordance with NI 51-101;
- (b) meet with management and with the Reserves Evaluator to:

- (i) determine whether there are any restrictions that affect the ability of the evaluator to report without reservation on the reserves and resource data;
 - (ii) review the reserves and resource data and the report of the independent reserves evaluator thereon;
 - (iii) examine and discuss the reasons for significant reserve and resource revisions; and
 - (iv) examine and discuss the source and methodology for major assumptions underlying the reserve and resource determinations, and consider how risk factors were incorporated into such determinations;
- (c) coordinate meetings with the Committee, the Corporation's senior engineering management and the Reserves Evaluator to address matters of mutual concern in respect of the Corporation's evaluation of petroleum and natural gas reserves; and
 - (d) review, and approve for recommendation to the Board, the content, filing and disclosure of the Corporation's oil and gas reserves and resource data and related reports as required by NI 51-101.

Health, Safety and Environment

The Committee shall:

- (a) oversee the processes, systems and structures the Corporation has in place to identify and manage the risks and hazards to people and to the environment arising out of its operations, including with respect to:
 - (i) promotion of a culture of safety and environmental stewardship;
 - (ii) prevention of injury and pollution;
 - (iii) appropriate response to incidents;
 - (iv) effective emergency response; and
 - (v) ensuring physical security of personnel;
- (b) approve, and review from time to time, the policies of the Corporation regarding matters relating to the mandate of the Committee, including in particular the Corporation's Emergency Response Plan and the HSE Policy;
- (c) periodically report to the Board on the Committee's oversight activities regarding HSE matters, and make recommendations to the Board regarding continuous improvement opportunities in the Corporation's governance and management of HSE matters;
- (d) at such intervals as it determines appropriate, consider and decide on the level of management and external assurance required on the effectiveness of HSE programs, processes and systems;

- (e) oversee the investigation of any fatality, disabling injury, material health or environmental incident, or other incident relating to safety or environmental matters; review initial reports by management and external parties on any such incident within 48 hours from the incident, and satisfy itself that management has implemented appropriate responses, including remediation responses, to mitigate the consequences of the incident and to prevent a recurrence of the incident;
- (f) review reports on root cause of HSE accidents and incidents, and consider the effectiveness of systematic processes to prevent a recurrence or to mitigate the severity of HSE incidents or accidents;
- (g) review and provide reports to the Board on reserves and HSE matters including:
 - (i) the Corporation's performance with respect to compliance with applicable laws and regulations, including (i) the findings of any audit or other significant report by regulatory agencies, external consultants or auditors concerning these matters and (ii) any necessary corrective measures taken to address issues and risks that have been identified;
 - (ii) emerging trends, issues and regulations related to health, safety and environment that are relevant to the Corporation, including any related risks that may be posed to the Corporation; and
 - (iii) the results of any review with management and any outside advisors regarding the HSE implications of major projects or initiatives, such as mergers, acquisitions or significant facility expansion or decommissioning;
- (h) review and approve external disclosures and communications regarding HSE matters; and
- (i) exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

6. Independent Advisors

The Committee shall have the authority to retain independent legal counsel, consultants or other advisors to assist it in carrying out its duties and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any officer of the Corporation and to communicate directly with such advisors. The Corporation shall pay the invoices of such advisors, upon their approval by the Chair.

7. Continuing Education

Members of the Committee shall strive to remain current in their knowledge and education relating to reserves and HSE matters, and shall consider available opportunities to enhance their knowledge of evolving practices in reserves and HSE governance.

8. No Rights Created

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

9. Charter Review

The Committee shall review this Charter annually and present any recommended amendments to this Charter to the Governance Committee, which shall consider any such recommendations as part of its annual review of this Charter and shall present any recommended amendments to this Charter to the Board for approval.

Adopted: August 12, 2015

Revised: November 10, 2015

Revised: October 17, 2017