



RESERVES COMMITTEE

MANDATE AND TERMS OF REFERENCE

Establishment of Committee

The board of directors (the "**Board**") of Cardinal Energy Ltd. ("**Cardinal**" or the "**Corporation**") hereby establishes a committee of the Board to be called the Reserves Committee (the "**Committee**").

Role and Objective

The purpose of the Committee is to assist the Board in fulfilling its responsibilities with respect to overseeing the integrity of Cardinal's reserve's data (as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**")) (the "**Reserves Data**") and related oil and gas activities reporting process, including Cardinal's internal Reserves Data preparation controls and procedures, the preparation of reports prepared by Cardinal's independent reserve evaluators in respect of Cardinal's Reserves Data, and compliance with related legal and regulatory requirements, including NI 51 101.

The primary objectives of the Committee are as follows:

1. to assist directors of the Corporation ("**Directors**") in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of Cardinal's Reserves Data and related oil and gas activities;
2. to provide better communication between the Board and Cardinal's independent reserve evaluators;
3. to enhance the reserve evaluators independence;
4. to increase the credibility of Cardinal's Reserves Data and related oil and gas activities reporting process; and
5. to strengthen the role of the outside Directors by facilitating in depth discussions between Directors on the Committee, management of Cardinal ("**Management**") and the independent reserve evaluators.

Membership of Committee

1. The Committee shall be comprised of three (3) Directors or such greater number as the Board may determine from time to time, all of whom shall be "independent" (as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (as amended from time to time)).
2. The Board may from time to time designate one of the members of the Committee to be the Chair of the Committee (the "**Chairman**").

Specific Duties and Responsibilities

To carry out its responsibilities, the Committee shall:

1. Review the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including its procedures for complying with applicable disclosure requirements and restrictions set forth under regulatory requirements;

2. review, and, in the Committee's discretion, approve the appointment or re-appointment of the independent reserve evaluator and, in the case of any proposed change to such independent reserve evaluator, determining the reason therefor and whether there have been any disputes with management;
3. pre-approve all services to be provided by the independent reserve evaluator. In the discretion of the Committee, annually delegate to the Chairman of the Committee, the authority to grant pre-approvals provided that those pre-approvals are reported to the Committee at the next regularly scheduled meeting and take all reasonable steps to be confident that an independent reserve evaluator does not provide services that would bring into question its independence;
4. review the Corporation's procedures for providing information to its independent reserve evaluator;
5. review the Corporation's procedures for reporting other information associated with its oil and gas activities;
6. review the scope of the annual or other review of the Corporation's reserves by the independent reserve evaluator considering industry practice and regulatory requirements;
7. review any material change in the Corporation's reserves;
8. meet with management to (i) determine whether any restrictions affected the ability of the independent reserve evaluator to report on the Reserves Data without reservation, and (ii) and to review the Reserves Data and the report of the independent reserve evaluator thereon (if such report is provided);and, in the Committee's discretion, make recommendations to the Board for consideration;
9. meet in separate, non-management, closed sessions with each independent reserve evaluator as the Committee decides is appropriate to (i) review and consider its assessment of the Corporation's reserves; (ii) determine whether any restrictions affected its ability to report on the Reserves Data without reservation; (iii) review its reserves letter to the Committee; and, (iv) review its scope of work, findings and any disputes with management;
10. review the Reserves Data and the report of the independent reserve evaluator and, in the Committee's discretion, make recommendations to the Board for consideration;
11. provide a recommendation to the Board as to whether to approve the content and/or filing of Reserves Data and related oil and gas information and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
12. generally review all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves and related oil and gas information; and
13. regularly assess whether management has in place appropriate policies and processes to prevent and detect inaccuracies in estimating reserves and disclosing reserves and related oil and gas information in compliance with regulatory requirements.

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution 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.
2. The Chairman will preside at all meetings of the Committee, unless the Chairman is not present, in which case the members of the Committee that are present will designate from among such members the Chairman for purposes of the meeting.

3. A quorum for meetings of the Committee will be a majority of its members. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. Meetings may occur via telephone or teleconference.
4. The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all respects at such meetings shall be determined by the Committee, unless otherwise determined by the by-laws of the Corporation or by resolution of the Board.
5. Meetings of the Committee should be scheduled to take place at least once per year and at such other times as the Chairman may determine.
6. The Committee will meet with the independent reserve evaluators at least once per year and at such other times as the Committee considers appropriate.
7. Agendas, approved by the Chairman, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
8. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
9. Minutes of the Committee will be recorded and maintained.
10. If determined appropriate, following meetings of the Committee, a list of tasks or matters to be followed up upon shall be prepared including the time table for completion thereof and the responsibility for completion, the status of which matter shall be reviewed at the next meeting of the Committee or as otherwise determined by the Committee.
11. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at such compensation as established by the Committee and at the expense of Cardinal without any further approval of the Board.
12. Any members of the Committee may be removed or replaced at any time by the Board and will 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 exists on the Committee, the remaining members may exercise all its powers so long as two members remain on the Committee. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
13. 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 Chairman.

Approved by the Board of Directors on August 27, 2012.