



RESERVE EVALUATION COMMITTEE

TERMS OF REFERENCE

*Adopted by the Board of Directors on December 21, 2006 and amended November 12, 2009
(Name Change from Kulczyk Oil Ventures Inc. to Serinus Energy Inc. on June 24, 2013)*

COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Reserve Evaluation Committee (the “**Committee**”) of Serinus Energy Inc. (the “**Corporation**”) shall consist of not less than three members of the Board of Directors of the Corporation (the “**Board**”), the majority of whom shall satisfy the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”) and, in addition, be “independent” within the meaning of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) (collectively, “**Independent**”).

2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation, shall appoint the members of the Committee for the ensuing year. If the Board shall fail to do so, persons who were members of the Committee immediately preceding the most recent annual meeting of shareholders of the Corporation, provided they continue to be directors of the Corporation and remain qualified to serve on the Committee, shall be deemed to be reappointed to the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

CHAIR

3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair (the “**Chair**”) from amongst their number.

4. The Chair shall be Independent.

5. The Chair will provide leadership to the Committee and will lead the Committee in fulfilling the duties set out in its mandate.

6. The Chair’s duties will be to:

- a) provide overall leadership to enhance the effectiveness of the Committee;



- b) take all reasonable steps to ensure that the responsibility and duties of the Committee, as outlined in its mandate, are well understood by Committee members and executed as effectively as possible;
- c) foster ethical and responsible decision making by the Committee and its individual members;
- d) provide effective Committee leadership, overseeing all aspects of the Committee's direction and administration in fulfilling the terms of its mandate;
- e) oversee the structure, composition, membership and activities delegated to the Committee;
- f) establish the agenda for each Committee meeting;
- g) chair all meetings of the Committee, including closed sessions and “*in camera*” sessions; provided, however, that if the Chair is not present at a meeting, the Committee members present will choose an Independent Committee member to chair the meeting;
- h) encourage Committee members to ask questions and express viewpoints during meetings;
- i) deal effectively with dissent and work constructively towards arriving at decisions and achieving consensus;
- j) ensure that the Committee meets in separate, regularly scheduled, non-management, “*in camera*” sessions;
- k) ensure that the Committee meets in separate, non-management, closed sessions with internal personnel or outside advisors, as needed or appropriate;
- l) ensure that the Committee meets in separate, regularly scheduled, non-management, “*in camera*” sessions;
- m) report to the Audit Committee of the Corporation, as required, on the activities, findings and any recommendations of the Committee;
- n) following each meeting of the Committee, report to the Board on the activities and any recommendations of the Committee;



- o) ensure that Committee materials are available to any director of the Corporation on request;
- p) take all reasonable steps to ensure that Committee members receive written information and are exposed to presentations from management to fulfill the Committee mandate;
- q) ensure that a performance evaluation of the Committee and the Chair is conducted, soliciting input from all Committee members, other directors and appropriate members of management;
- r) retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities; and
- s) carry out any other appropriate duties and responsibilities assigned by the Board or delegated by the Committee.

MEETINGS OF THE COMMITTEE

7. The Committee shall meet annually prior to the approval by the Board of the Corporation's annual financial statements and the reports and statements referred to in section 2.1 of NI 51-101 and, thereafter, as may be directed by the Board or, upon their own volition, as circumstances may warrant.

8. The Chair shall appoint a secretary for each meeting to keep minutes of such meeting. The minutes of the Committee will be in writing and duly entered into the books of the Corporation and shall be available to all members of the Board.

9. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and to hear each other.

10. The Committee may have access to, and direct contact with, any employee, contractor, supplier, customer or other person that is engaged in any business relationship with the Corporation, to confirm information or to investigate any matter within its mandate.

11. Notices calling meetings shall be sent to all Committee members, to the Chief Executive Officer, to the Chairman, Vice Chairman and to all other directors.



REPORTING

12. The Committee shall provide the Board with a summary of all meetings and of its recommendations, together with a copy of the minutes of such meeting for insertion into the minute book of the Corporation. Where minutes have not yet been published, the Chair shall provide the Board with oral reports as requested

13. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair.

COMMITTEE RESPONSIBILITIES

14. The Committee shall have the general responsibility of overseeing the evaluation of the Corporation's petroleum and natural gas reserves, including retaining an "independent" (as such term is defined in NI 51-101) engineering firm (the "**Engineering Firm**") which is a "qualified reserve evaluator" (as such term is defined in NI 51-101) to prepare a report (the "**Report**") of an evaluation of the Corporation's petroleum and natural gas reserves, including all information required by Form 51-101F1 and Form 51-101F2 under NI 51-101, all in compliance with NI 51-101, and of meeting with representatives of the Engineering Firm and management to discuss the Report's preparation and the conclusions contained in the Report.

General Responsibilities

15. The Committee's general responsibilities shall be:
- a) to discuss and review with management the selection of the Engineering Firm that is qualified to prepare a report of an evaluation of the Corporation's petroleum and natural gas reserves;
 - b) to consider and review with management any change of the Engineering Firm;
 - c) to receive the Report and consider the principal assumptions upon which it is based;
 - d) to consider and review the Corporation's input into the Report and the key assumptions used therein;
 - e) to present a report (the "**Committee Report**") to the Board of the results of such review and to recommend whether the Report should be accepted by the Board; and



- f) consider review and report to the Board in respect of the scope of the annual review of the Engineering Firm.

Specific Responsibilities

- 16. Prior to presenting the Committee Report to the Board, the Committee shall:
 - a) review the Corporation's procedures relating to the disclosure of information with respect to "oil and gas activities" (as defined in NI 51-101), including its procedures for complying with the disclosure requirements and restrictions of applicable securities laws;
 - b) review the appointment of the Engineering Firm and, in the case of any proposed change in such appointment, determine the reasons for the proposal and whether there have been disputes between the Engineering Firm and management;
 - c) review the Corporation's procedures for providing information to the Engineering Firm;
 - d) meet with management and the Engineering Firm to:
 - i. determine whether any restrictions affect the ability of the Engineering Firm to report on "reserves data" (as defined in NI 51-101) "without reservation" (as defined in NI 51-101); and
 - ii. review the "reserves data" and the Report;
 - e) review those items set out in section 3.4(e) of NI 51-101 and make a recommendation to the Board as to whether to approve the content and filing of the statements and reports referred to in section 3.4(e) of NI 51-101;
 - f) hold an *in camera* meeting with representatives of the Engineering Firm to discuss the Report, including the following:
 - i. the scope of the Engineering Firm's engagement by the Corporation and, in particular, any restrictions or "reservations" (as defined in NI 51-101) thereon;
 - ii. the details of any relationship which the Engineering Firm has with the Corporation that may affect or might be viewed as affecting its independence;



- iii. the process followed by the Engineering Firm in conducting its reserve analysis;
 - iv. the sources of information for the Report;
 - v. whether the Engineering Firm has any reason to think that any of the information provided to it was not accurate or correct;
 - vi. whether the Engineering Firm had access to all information it thought relevant to complete its engagement and ensure satisfaction of NI 51-101;
 - vii. discussion of the price and cost forecasts used in the Report and whether the assumptions used are still current;
 - viii. discussion of the assumptions made regarding oil and gas marketing and whether the Engineering Firm still considers these assumptions to be reasonable;
 - ix. discussion of the reserve additions and reserve revisions which occurred from the previous report of Corporation's reserves to that of the Report and the reasons for such revisions;
 - x. consideration of operating costs, working interests, royalty burdens, required capital expenditures and timing, recovery rates and decline rates;
 - xi. whether the Engineering Firm considered it necessary to carry out any on-site inspections as part of its reserve analysis; and
 - xii. what levels of oil and gas production were assumed in the Report and whether the Engineering Firm had access to information since the date of the Report which allows it to confirm or disaffirm the production profiles and other aspects of the Report since the date of the Report.
- g) in reviewing the Report, meeting with representatives of the Engineering Firm and presenting the Committee Report to the Board, the Committee shall be entitled to retain, and rely upon, the advice of outside experts; and
- h) the Committee may do such other things within the scope of its responsibilities as it may, in its discretion, deem appropriate.



Periodic Responsibilities

17. The Committee shall review and approve all material change reports and related press releases for compliance with NI 51-101.

18. The Committee shall review and pre-approve all disclosure proposed to be made by and on behalf of the Corporation:

- a) to the public;
- b) in any document filed with a securities regulatory authority; or
- c) in other circumstances in which, at the time of making the disclosure, the Corporation knows, or ought reasonably to know, that the disclosure is or will become available to the public,

with respect to its compliance with NI 51-101.

19. When directed by the Board, the Committee shall:

- a) review the procedures relating to disclosure of information with respect to the Corporation's oil and gas activities, including the Corporation's procedures for complying with the disclosure requirements and restrictions of NI 51-101;
- b) review the procedures of the Corporation for providing information to “qualified reserves evaluators” and “qualified reserve auditors” (as such terms are defined in NI 51-101); and
- c) to have and carry out the same responsibilities as described above under “Specific Responsibilities” for any evaluation required or requested by management or the Board that is not a year end evaluation.
- d) On an annual basis, the Committee shall review and assess the adequacy of these terms of reference and submit to the Board such amendments as the Committee considers appropriate.