

BIRCHCLIFF

ENERGY

AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of Birchcliff Energy Ltd. (the “**Corporation**”) is to assist the Board in overseeing:

- (a) the preparation of the financial statements of the Corporation and the conduct of any audit thereof;
- (b) the Corporation’s compliance with applicable financial reporting requirements; and
- (c) the independence and performance of the Auditor.

Definitions

For the purposes of this Charter, the following terms have the following meanings:

- (a) “**Auditor**” means the auditor appointed to prepare an audit report in respect of the annual financial statements of the Corporation.
- (b) “**NI 52-110**” means National Instrument 52-110 – *Audit Committees* promulgated by the securities regulatory authorities in Canada as may be amended from time to time.

Composition of the Committee

- (a) Number of Members: The Committee shall be composed of a minimum of three members, each of whom shall be a member of the Board.
- (b) Independence of Members: Each member of the Committee shall be “independent” within the meaning of NI 52-110 unless the Board determines to rely on an exemption contained in NI 52-110.
- (c) Financial Literacy: Each member of the Committee shall be “financially literate” within the meaning of NI 52-110 unless the Board determines to rely on an exemption contained in NI 52-110.
- (d) Appointment and Vacancies: The members of the Committee shall be appointed by the Board and shall serve at the pleasure of the Board. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation. 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 of its powers so long as a quorum remains.
- (e) Chair: The Board shall designate one member of the Committee as the chairperson of the Committee (the “**Chair**”). 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 the Chair for the purpose of such meeting.

Transaction of Business and Meetings

- (a) **Transaction of Business:** The Committee shall transact its business in accordance with governing corporate legislation and the provisions of the by-laws of the Corporation. To the extent not provided either therein or in the provisions of this Charter, the Committee may determine the manner in which it will transact its business by way of resolution passed by a majority of votes cast thereon.
- (b) **Number of Meetings:** The Committee shall meet at least four times per year or more frequently as is necessary to carry out its duties and responsibilities.
- (c) **Calling of Meetings:** The Chair or any member of the Committee may at any time convene a meeting of the Committee. Upon a request from the Auditor, the Chair shall convene a meeting of the Committee to consider any matters that the Auditor desires to bring to the attention of the Committee.
- (d) **Notice of Meetings:** Notice of meetings shall be delivered, mailed, faxed, emailed or sent by any other form of transmitted or recorded message to each member of the Committee not less than forty-eight hours before the meeting is to take place. Notice of any meeting or any irregularity thereof may be waived by any member. Meetings may be held at any time without formal notice if all the members are present, or if a quorum is present and those members who are absent have signified their consent to the meeting being held in their absence. Any resolution passed or action taken at such a meeting shall be valid and effectual as if it had been passed or taken at a meeting duly called and constituted.
- (e) **Quorum:** A quorum for meetings of the Committee shall be at least two members of the Committee. No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present.
- (f) **Voting:** All motions made at a meeting of the Committee shall be decided by a simple majority of votes cast by members of the Committee who vote on such motion. In the event of an equality of votes on any motion, the Chair shall not have a second or casting vote.
- (g) **Minutes and Reporting to the Board:** Minutes shall be prepared of all meetings of the Committee. A copy of such minutes shall be circulated to all members of the Committee and the Board. In addition, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.
- (h) **Attendance of Non-Members:** The Committee may invite to a meeting any officers, directors or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its duties and responsibilities. If not a member of the Committee, such invitees shall have no voting rights at any meeting of the Committee.

Duties and Responsibilities

External Auditor

- (a) The Committee shall recommend to the Board:
 - (i) the person or firm to be nominated as Auditor for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
 - (ii) the compensation of the Auditor.
- (b) The Committee is authorized in carrying out its duties to communicate directly with the Auditor and the Auditor shall report directly to the Committee. The Committee shall be directly responsible for overseeing the work of the Auditor engaged for the purpose of preparing or issuing an auditor's report or performing

other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Auditor regarding financial reporting.

- (c) The Committee shall review and recommend to the Board the annual audit plan of the Auditor and the terms of the Auditor's engagement, including the appropriateness and reasonableness of the Auditor's fees.
- (d) The Committee may review and evaluate the Auditor's performance.
- (e) The Committee shall review and receive assurances as to the independence of the Auditor.
- (f) The Committee shall review any reports issued by the Canadian Public Accountability Board which specifically relate to any previous audit of the financial statements of the Corporation.
- (g) The Committee shall periodically meet with the Auditor without management present to discuss the completeness and accuracy of the Corporation's financial statements.
- (h) When there is to be a change in the Auditor, the Committee shall review the issues related to the change and shall approve the information to be included in the notice of such change required to be filed with the applicable regulatory authorities.
- (i) The Committee shall pre-approve all non-audit services to be provided to the Corporation (or its subsidiary entities, if any) by the Auditor. The Committee may delegate this function to one of its independent members, who shall report to the Committee on any such approvals.

Financial Reporting and Public Disclosure

- (j) The Committee shall review, report to the Board on and, if deemed advisable by the Committee, recommend to the Board for approval, the Corporation's interim and annual financial statements and all related management's discussion and analysis before those materials are filed with the applicable regulatory authorities and publicly disclosed. If authorized by the Board, the Committee may approve the interim financial statements and the related management's discussion and analysis, before those materials are filed with the applicable regulatory authorities and publicly disclosed. The Committee shall receive and review any reports prepared by management of the Corporation or the Auditor that relate to any of the following:
 - (i) changes in accounting principles, or in their application, which may have a material impact on a current or future year's financial statements;
 - (ii) significant accruals, reserves or other estimates, such as ceiling test calculations;
 - (iii) the accounting treatment of significant, unusual or non-recurring transactions;
 - (iv) disclosures of commitments and contingencies;
 - (v) adjustments raised by the Auditor, whether or not included in the financial statements;
 - (vi) unresolved differences between management and the Auditor;
 - (vii) explanations of significant variances with comparative reporting periods; and
 - (viii) related party transactions and ensuring that the nature and extent of such transactions are properly disclosed.

- (k) The Committee shall review, report to the Board on and, if deemed advisable by the Committee, recommend for approval by the Board, the Corporation's annual and interim earnings press releases before the Corporation publicly discloses this information.
- (l) As it relates to financial information that is extracted or derived from the Corporation's financial statements, the Committee shall review, report to the Board on and, if deemed advisable by the Committee, recommend for approval by the Board, all annual reports, annual information forms, information circulars, business acquisition reports, prospectuses and other securities offering documents (excluding, for greater certainty, the Corporation's corporate presentations) before such documents are publicly disclosed and, if applicable, filed with the applicable regulatory authorities.
- (m) The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures.

Internal Controls

- (n) The Committee shall oversee management's reporting on internal controls and shall advise the Board of any material failures of the internal controls.
- (o) The Committee shall establish procedures:
 - (i) for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other Duties and Responsibilities

- (p) The Committee shall review management's reports regarding the certification of annual and interim financial reports in accordance with applicable securities legislation.
- (q) The Committee shall review and approve:
 - (i) the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditor; and
 - (ii) the employment by the Corporation of any current or former partner or employee of the present and former Auditor.
- (r) The Committee shall review, at least annually, this Charter and recommend to the Board any amendments to this Charter that the Committee considers necessary or advisable.
- (s) The Committee shall bring to the attention of the Board such other issues as are necessary to carry out its mandate and shall make recommendations to the Board with respect to the foregoing. In addition, the Committee shall review and report to the Board on any other matters as may be delegated to it by the Board from time to time.

Access to Information and Advisors

- (a) In discharging its role, the Committee shall have full access to all books, records, facilities and personnel of the Corporation to the extent that the same relate to matters that are the responsibility of the Committee

under this Charter. The Committee may require the Auditor or any director, officer or employee of the Corporation to appear before it to discuss the accounts and records and/or financial position of the Corporation. Members of the Committee may rely upon the accuracy of any statement or report prepared by the Auditor or upon any other statement or report including any appraisal report prepared by a qualified person and shall not be responsible or held liable for any loss or damage in respect of any action taken on the basis of such statement or report.

- (b) The Committee has the authority to engage such advisors (including independent legal counsel) as it considers necessary or desirable to assist it in fulfilling its duties and responsibilities as provided in this Charter and to set the compensation to be paid thereto, such engagement to be at the Corporation's expense. The Corporation shall be responsible for all other expenses of the Committee that are deemed necessary or desirable by the Committee in order to fulfil its duties and responsibilities as provided for in this Charter.

Approved and Adopted: March 14, 2018.