

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Information Circular, management of the Corporation is not aware of any material interest of any director or nominee for director or executive officer or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

CORPORATE GOVERNANCE PRACTICES

In accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"), issuers are to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. The Corporation is also subject to NI 52-110, which has been adopted in each of the Canadian provinces and territories and which prescribes certain requirements in relation to audit committees.

The Board is responsible for the governance of the Corporation. The Board and the Corporation's management consider good corporate governance to be central to the effective and efficient operation of the Corporation. Below is a discussion of the Corporation's approach to corporate governance.

Corporate Governance and Compensation Committee

The Board has established a Corporate Governance and Compensation Committee. The members of the Corporate Governance Committee are Messrs. McComiskey, Ellson and Wilson. Mr. McComiskey is the Chairman of the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee is comprised entirely of non-management members of the Board.

The Board has adopted a written charter that sets forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee, which include: (a) reviewing and determining the compensation policies of the Corporation with respect to directors, officers, employees and consultants of the Corporation; (b) proposing new nominees to the Board and for assessing directors on an ongoing basis; and (c) responding to and implementing the guidelines set forth from time to time, by any applicable regulatory authorities.

The Corporate Governance and Compensation Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation's expense. The Corporate Governance and Compensation Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the Corporate Governance and Compensation Committee.

Independence of Members of Board

The Board currently consists of six directors, five of whom are independent based upon the tests for independence set forth in NI 52-110. Messrs. Urch, Guidry, Ellson, Wilson and McComiskey are independent. Mr. Zúñiga-Pflücker is not independent by virtue of serving as President and Chief Executive Officer of the Corporation.

Board Oversight

The Board exercises its independent supervision over the Corporation's management through a combination of formal meetings of the Board as well as informal discussions amongst the Board members. The independent directors can also hold scheduled meetings at which non-independent directors and members of management are not in attendance. Where matters arise at Board meetings which require decision making and evaluation that is independent of management and interested directors, the meeting breaks into an *in camera* session among the independent and disinterested directors.

Directorships in Other Reporting Issuers

The following table sets out the directors of the Corporation that are presently a director of other reporting issuers.

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Exchange</u>
Gary S. Guidry	Gran Tierra Energy Inc.	NYSE TSX
Douglas C. Urch	Blue Moon Zinc Corp.	TSXV MOON
	Permex Petroleum Corporation	CSE OIL

Board Mandate

The Board has adopted a written mandate, attached hereto as Schedule "A", that summarizes, among other things, the Board's duties and responsibilities. The Board is responsible for the overall stewardship of the Corporation and dealing with issues which are pivotal to determining the Corporation's strategy and direction. The Board has directly, and through the appointment of certain committees, put in place an effective system for monitoring the implementation of corporate strategies. The Board is not involved in the day to day operations of the Corporation, as these operations are conducted by the Corporation's management. The Board meets regularly to consider and approve the strategic objectives of the Corporation and management plans designed to accomplish those objectives. Where appropriate, key management personnel and professional advisors are invited to attend Board meetings to speak to these issues. The Board also meets as necessary to consider specific developments and opportunities as they arise, including asset acquisitions and dispositions and financing proposals. The Board approves, among other things, all issuances of securities of the Corporation, the appointment of officers, the entering into of lines of credit or other significant borrowing activities and all significant transactions. The Board considers, but has no formal policies, concerning management development and succession and risk management.

Essential to strategic planning is assessing and understanding business risks and related control systems. The Board helps set limits with respect to business risks, to the extent they can be managed, and approves strategies for minimizing risks. Implementations of these strategies are then monitored by the Board. The Board, through the Audit Committee, requires management of the Corporation to put into place systems to address financial risks and to periodically report to the Board on these systems and risks.

Management has implemented procedures to provide reasonable assurance of effective communication with the Corporation's shareholders and the public. The Corporation's management is responsible for the issuance of press releases and communications with the financial community. The Board reviews and approves all principal continuous disclosure documents, the release of interim and annual financial statements, annual information forms, prospectuses and information circulars.

The Corporate Governance and Compensation Committee is responsible for monitoring the governance systems of the Corporation with a view to ongoing improvements, reviewing the composition of the Board and developing criteria for new Board appointments. The Corporate Governance and Compensation Committee also acts as a nominating committee for new directors, oversees and approves the Corporation's compensation plans and evaluates the overall Board effectiveness.

Position Descriptions

The Board has developed a written position description for the Chairman of the Board and the Chief Executive Officer of the Corporation, but has not developed a written position description for the Chairman of the Audit Committee.

The Chair of each committee of the Board schedules meetings of the committee and organizes and presents agendas for such meetings.

The Board, in conjunction with management, sets the Corporation's annual objectives which become the objectives against which the Chief Executive Officer's performance is measured. The Board has plenary power; any responsibility which is not delegated to management or a Board committee remains with the Board.

Orientation and Continuing Education

While the Corporation does not have a formal orientation and training program, new members of the Board are provided with:

- (a) a copy of the policies and mandates of the Board and its committees and copies of the Corporation's corporate governance policies, which provides information respecting the functioning of the Board;
- (b) access to recent, publicly filed documents of the Corporation;
- (c) access to management; and
- (d) access to legal counsel in the event of any questions relating to the Corporation's compliance and other obligations.

Members of the Board are encouraged to communicate with management, legal counsel and, where applicable, auditors and technical consultants of the Corporation; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Ethical Business Conduct

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSXV for effective corporate governance, including NP 58-201. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Additionally, in order to encourage and promote a culture of ethical business conduct, the Board has adopted a Code of Business Conduct and Ethics (the "**Code**") wherein directors, officers and employees of the Corporation and others are provided with a mechanism by which they can raise complaints regarding financial and regulatory reporting, internal accounting controls, auditing or health, safety and environmental matters or any other matters and raise concerns about any violations of the Code in a confidential and, if deemed necessary, anonymous process. The Code is available on the Corporation's SEDAR profile at www.sedar.com or upon request by contacting the Corporation's legal counsel at Stikeman Elliott LLP, Suite 4300, 888 3rd St SW, Calgary Alberta T2P 5C5.

The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Chief Financial Officer. Compliance with the Code is monitored primarily through the reporting process within the Corporation's organizational structure.

It is a requirement of applicable corporate law that directors who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material. The Code imposes a similar disclosure requirement on all non-director representatives of the Corporation and requires such persons to report such conflict to the executive officer to whom that person reports in the course of his employment responsibilities, or, in the case of a senior executive officer, to the Audit Committee and fully inform such person or the committee, as applicable, of the facts and circumstances related to the conflict or potential conflict. The representative is prohibited from taking any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he is authorized to do so by his reporting officer or the Audit Committee.

Nomination of Directors

The Corporate Governance and Compensation Committee has responsibility for identifying potential Board candidates. The Corporate Governance Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the oil and gas industry are consulted for possible candidates. The Board has adopted a written charter setting forth the responsibilities, powers and operations of the Corporate Governance and Compensation Committee, which include considering and recommending candidates to fill new positions on the Board, reviewing candidates recommended by Shareholders, conducting inquiries into the backgrounds and qualifications of candidates, recommending the director nominees for approval by the Board and the Shareholders, considering conflicts of interests, recommending members and chairs of the committees, reviewing the performance of directors and the Board, establishing director retirement policies and establishing and implementing an orientation and education program for new members of the Board .

Audit Committee

Please see the discussion below under the heading “*Audit Committee*”.

Reserves Committee

The members of the Reserves Committee are Messrs. Guidry, Wilson and Zúñiga-Pflücker. Mr. Wilson is the Chairman of the Reserves Committee. The Reserves Committee’s responsibilities include, but are not limited to meeting with the independent engineering firm commissioned to do the reserves evaluation on the Corporation’s assets and discussing the conclusions of such report.

The Reserves Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation’s expense. The Reserves Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the Reserves Committee.

Health, Safety, Environment and Social Committee

The members of the Health, Safety, Environment and Social Committee are Messrs. Urch, Wilson and Guidry. Mr. Urch is the Chairman of the Health, Safety, Environment and Social Committee. The Health, Safety, Environment and Social Committee’s responsibilities include, but are not limited to: (a) reviewing health and safety policies and procedures, monitoring compliance with such policies, maintaining management systems to implement such policies, and reporting on its findings to the Board; (b) reviewing environmental activities in terms of environmental policies of the Corporation and reporting on its findings to the Board; and c) reviewing social aspects of the Corporation’s operations in terms of social responsibility policies of the Corporation and reporting on its findings to the Board.

The Health, Safety, Environment and Social Committee has the power to retain outside advisors as it considers necessary for the proper functioning of the committee, at the Corporation’s expense. The Health, Safety, Environment and Social Committee meets at least once annually and otherwise as requested by the Board or considered desirable by the Chair of the Health, Safety, Environment and Social Committee.

Assessments

The Board is responsible to assess, on an ongoing basis, its overall performance and that of its committees. The objective of this review is to contribute to a process of continuous improvement in the Board’s execution of its responsibilities. The review will identify any areas where the directors of the Corporation or management believe that the Board could make a better collective contribution to overseeing the affairs of the Corporation. The Board is also responsible for regularly assessing the effectiveness and contribution of each director, having regard to the competencies and skills each director is expected to bring to the Board. The Board relies on informal evaluations of the effectiveness through both formal and informal communications with Board members and through participation with other Board members on committees and matters relating to the Board.

AUDIT COMMITTEE

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the Shareholders, the relationship between the Corporation and the external auditor.

Pursuant to NI 52-110, the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

Audit Committee Charter

The Corporation's Audit Committee charter (the "**Audit Committee Charter**") was adopted by the Board, and is attached hereto as Schedule "B". The mandate of the Audit Committee is to oversee and provide assistance in financial reporting, financial policies and internal controls as well as to work with the external auditors to ensure the accuracy of the Corporation's financial disclosures. The Audit Committee must pre-approve all non-audit services to be provided by an external auditor.

Composition of the Audit Committee

As of the date hereof, the Audit Committee is comprised of:

<u>Name of Director</u>	<u>Independent (Yes/No)⁽¹⁾</u>	<u>Financially Literate (Yes/No)</u>
Ryan Ellson	Yes	Yes
Mark McComiskey	Yes	Yes
Douglas Urch (Chairman)	Yes	Yes

Note:

(1) As defined in NI 52-110.

Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter.

Mr. Ellson has more than 17 years of experience in a broad range of international corporate finance and accounting roles. Mr. Ellson is currently the Chief Financial Officer of GTE and, most recently, Mr. Ellson was Head of Finance for Glencore and prior thereto Vice President, Finance at Caracal. Mr. Ellson is a Chartered Accountant (CA) and holds a Bachelor of Commerce degree and a Master of Professional Accounting degree from the University of Saskatchewan.

Mr. McComiskey is a partner at AVAIO Capital, a firm that focuses on value-added infrastructure investment and that spun-out of AECOM in 2019. Prior to AVAIO, Mr. McComiskey was a partner at Prostar Capital's energy business and its successor firm, Vanwall Capital, LLC. Prior to Prostar, he was Co-Head of Private equity at First Reserve, a private equity firm focused on the energy industry. Mr. McComiskey holds a Juris Doctor degree from Harvard University and an AB degree in economics from Harvard College.

Mr. Urch has over 35 years of oil and gas industry experience. Previously, Mr. Urch was the Executive Vice President, Finance and Chief Financial Officer of Bankers and Vice President, Finance and Chief Financial Officer of Rally Energy Corp. Mr. Urch is a Chartered Professional Accountant (CPA), a member of the Financial Executives Institute, and a designated member of the Institute of Corporate Directors (ICD). Mr. Urch graduated from the University of Calgary with a Bachelor of Commerce degree.

Each member of the Audit Committee has:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
- (b) the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors, and approve in advance the provision of services other than audit services and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee is authorized to approve any non-audit services or additional work, which the Chairman of the Audit Committee deems as necessary.

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Corporation's external auditors for the last two fiscal years are as follows:

Financial Year Ending December 31	Audit Fees (US\$)	Audit-related Fees⁽¹⁾ (US\$)	Tax Fees (US\$)	All Other Fees (US\$)⁽²⁾
2018	112,259	17,522	-	451,788
2017	164,788	-	3,350	-

Notes:

- (1) Audit-related fees include amounts billed for non-audit services, such as non-audit reviews of interim financial statements.
- (2) All other fees include amounts billed for admission to the AIM market of the London Stock Exchange.

Reliance on Certain Exemptions

The Corporation is relying on the exemption in section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

Financial information of the Corporation is provided in the Corporation's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. A copy of these documents may be obtained by mailing a request to the Corporation at its offices at Suite 500, 11451 Katy Freeway, Houston, Texas 77079.

Copies of these documents, as well as additional information relating to the Corporation contained in documents filed by the Corporation with the Canadian securities regulatory authorities, may also be accessed through the SEDAR website at www.sedar.com.

SCHEDULE "A"

BOARD OF DIRECTORS MANDATE

1. GENERAL

The Board of Directors (the "**Board**") of PetroTal Corp. (the "**Corporation**") is responsible for the stewardship of the Corporation's affairs and the activities of management of the Corporation in the conduct of day to day business, all for the benefit of its shareholders.

The primary responsibilities of the Board are:

- (a) to maximize long term shareholder value;
- (b) to approve the strategic plan of the Corporation;
- (c) to ensure that processes, controls and systems are in place for the management of the business and affairs of the Corporation and to address applicable legal and regulatory compliance matters;
- (d) to maintain the composition of the Board in a way that provides an effective mix of skills and experience to provide for the overall stewardship of the Corporation;
- (e) to ensure that the Corporation meets its obligations on an ongoing basis and operates in a safe and reliable manner; and
- (f) to monitor the performance of the management of the Corporation to ensure that it meets its duties and responsibilities to the shareholders.

2. COMPOSITION AND OPERATION

The number of directors shall be not less than the minimum and not more than the maximum number specified in the Corporation's articles and shall be set from time to time within such limits by resolutions of the shareholders or of the Board as may be permitted by law. Directors are elected to hold office for a term of one year. At least 25 percent of the directors must be Canadian residents. The Board will analyze the application of the "independent" standard as such term is referred to in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, to individual members of the Board on an annual basis and disclose that analysis. The Board will in each year appoint a chairperson of the Board (the "**Chair**").

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility of managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining compensation for the directors. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Alberta) (the "**ABCA**"), the Board may constitute, seek the advice of, and delegate certain powers, duties and responsibilities to, committees of the Board.

3. MEETINGS

The Board shall have a minimum of four regularly scheduled meetings per year. Special meetings are called as necessary. Occasional Board trips are scheduled, if possible, in conjunction with regular Board meetings, to offer directors the opportunity to visit sites and facilities at different operational locations. A quorum for a meeting of the Board shall consist of a simple majority of the members of the Board.

The Board will schedule executive sessions where directors meet with or without management participation at each regularly-scheduled meeting of the Board.

4. SPECIFIC DUTIES

(a) Oversight and Overall Responsibility

In fulfilling its responsibility for the stewardship of the affairs of the Corporation, the Board shall be specifically responsible for:

- (i) providing leadership and direction to the Corporation and management with the view to maximizing shareholder value. Directors are expected to provide creative vision, initiative and experience in the course of fulfilling their leadership role;
- (ii) satisfying itself as to the integrity of the Chief Executive Officer (the "CEO") and other senior officers of the Corporation and ensuring that a culture of integrity is maintained throughout the Corporation;
- (iii) approving the significant policies and procedures by which the Corporation is operated and monitoring compliance with such policies and procedures, and, in particular, compliance by all directors, officers and employees with the provisions of the Code of Business Conduct and Ethics;
- (iv) reviewing and approving material transactions involving the Corporation, including the acquisitions and dispositions of material assets by the Corporation and material capital expenditures by the Corporation;
- (v) approving budgets, monitoring operating performance and ensuring that the Board has the necessary information, including key business and competitive indicators, to enable it to discharge this duty and take any remedial action necessary;
- (vi) establishing methods by which interested parties may communicate directly with the Chair or with the independent directors as a group and cause such methods to be disclosed;
- (vii) developing written position descriptions for the Chair and for the chair of each Board committee; and
- (viii) making regular assessments of the Board and its individual members, as well as the effectiveness and contributions of each Board committee.

(b) Legal Requirements

- (i) The Board has the oversight responsibility for meeting the Corporation's legal requirements and for properly preparing, approving and maintaining the Corporation's documents and records.
- (ii) The Board has the statutory responsibility to:
 - A. manage the business and affairs of the Corporation;
 - B. act honestly and in good faith with a view to the best interests of the Corporation;
 - C. exercise the care, diligence and skill that responsible, prudent people would exercise in comparable circumstances; and

- D. act in accordance with its obligations contained in the ABCA and the regulations thereto, the articles and by-laws of the Corporation, and other relevant legislation and regulations.
- (iii) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:
- A. any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - B. the filling of a vacancy among the directors or in the office of auditor;
 - C. the appointment of additional directors;
 - D. the issuance of securities except in the manner and on the terms authorized by the Board;
 - E. the declaration of dividends;
 - F. the purchase, redemption or any other form of acquisition of shares issued by the Corporation, except in the manner and on the terms authorized by the Board;
 - G. the payment of a commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any shares of the Corporation;
 - H. the approval of management proxy circulars;
 - I. the approval of any financial statements to be placed before the shareholders of the Corporation at an annual general meeting; and
 - J. the adoption, amendment or repeal of any by-laws of the Corporation.

(c) Independence

The Board shall have the responsibility to:

- (i) implement appropriate structures and procedures to permit the Board to function independently of management (including, without limitation, through the holding of meetings at which non-independent directors and management are not in attendance, if and when appropriate);
- (ii) implement a system which enables an individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances; and
- (iii) provide an orientation and education program for newly appointed members of the Board.

(d) Strategy Determination

The Board shall:

- (i) adopt and annually review a strategic planning process and approve the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business; and
- (ii) annually review operating and financial performance results relative to established strategy, budgets and objectives.

(e) Managing Risk

The Board has the responsibility to identify and understand the principal risks of the Corporation's business, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that appropriate systems are in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

(f) Appointment, Training and Monitoring of Senior Management

The Board shall:

- (i) appoint the CEO and other senior officers of the Corporation, approve (upon recommendations from the Corporate Governance and Compensation Committee) their compensation, and monitor and assess the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value;
- (ii) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management;
- (iii) establish limits of authority delegated to management; and
- (iv) develop a written position description for the CEO.

(g) Reporting and Communication

The Board has the responsibility to:

- (i) verify that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (ii) verify that the financial performance of the Corporation is reported to shareholders, other security holders and regulators on a timely and regular basis;
- (iii) verify that the financial results of the Corporation are reported fairly and in accordance with International Financial Reporting Standards from time to time;
- (iv) verify the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- (v) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and

- (vi) develop appropriate measures for receiving stakeholder feedback.

(h) Monitoring and Acting

The Board has the responsibility to:

- (i) review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements;
- (ii) verify that the Corporation operates at all time within applicable laws and regulations to the highest ethical and moral standards;
- (iii) approve and monitor compliance with significant policies and procedures by which the Corporation operates;
- (iv) monitor the Corporation's progress towards its goals and objectives and to work with management to revise and alter its direction in response to changing circumstances;
- (v) take such action as it determines appropriate when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant; and
- (vi) verify that the Corporation has implemented appropriate internal control and management information systems.

(i) Other Activities

The Board may perform any other activities consistent with this mandate, the articles and by-laws of the Corporation and any other governing laws as the Board deems necessary or appropriate including, but not limited to:

- (i) preparing and distributing the schedule of Board meetings for each upcoming year;
- (ii) calling meetings of the Board at such time and such place and providing notice of such meetings to all members of the Board in accordance with the by-laws of the Corporation; and
- (iii) ensuring that all regularly-scheduled Board meetings and committee meetings are properly attended by directors. Directors may participate in such meetings by conference call if attendance in person is not possible.

(j) Code of Business Conduct and Ethics

The Board shall be responsible to adopt a "Code of Business Conduct and Ethics" for the Corporation which shall address:

- (i) conflicts of interest;
- (ii) the protection and proper use of the Corporation's assets and opportunities;
- (iii) the confidentiality of information;
- (iv) fair dealing with various stakeholders of the Corporation;

- (v) compliance with laws, rules and regulations; and
- (vi) the reporting of any illegal or unethical behaviour.

5. BOARD COMMITTEES

The Board shall at all times maintain: (a) an Audit Committee; (b) a Reserves Committee; (c) a Corporate Governance and Compensation Committee; and (d) a Health, Safety, Environment and Social Committee, each of which must report to the Board. Each such committee must operate in accordance with the by-laws, applicable law, its committee charter and the applicable rules of any stock exchange on which the shares are traded. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by its by-laws and applicable law, and as the Board sees fit. The purpose of the Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to the committees for determination. Except as may be explicitly provided in the charter of a particular committee or a resolution of the Board, the role of a Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

6. DIRECTOR ACCESS TO MANAGEMENT

The Corporation shall provide each director with complete access to the management of the Corporation, subject to reasonable advance notice to the Corporation and reasonable efforts to avoid disruption to the Corporation's management, business and operations. Prior to any director of the Corporation initiating a discussion with any employee of the Corporation, including management, such director shall have the obligation to provide notice to the Chair and the Chief Executive Officer of the Corporation that the director intends on initiating such a discussion.

7. DIRECTOR COMPENSATION

The Board, upon recommendation of the Corporate Governance and Compensation Committee, will determine and review the form and amount of compensation to directors.

SCHEDULE "B"

AUDIT COMMITTEE CHARTER

I. THE BOARD OF DIRECTORS' MANDATE FOR THE AUDIT COMMITTEE

The Board of Directors (the "**Board**") has responsibility for the stewardship of PetroTal Corp. (the "**Corporation**"). To discharge that responsibility, the Board is obligated by the *Business Corporations Act* (Alberta) to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Public financial reporting and disclosure by the Corporation are fundamental to the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure is to gain reasonable assurance of the following:

- (a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges, if applicable, relating to financial reporting and disclosure;
- (b) that the accounting principles, significant judgements and disclosures which underlie or are incorporated in the Corporation's financial statements are appropriate in the prevailing circumstances;
- (c) that the Corporation's quarterly and annual financial statements are accurate within a reasonable level of materiality and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles; and
- (d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public, to the extent required by applicable securities laws, in a timely manner in accordance with corporate and securities law and with stock exchange regulations, if applicable.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reliably met unless the following activities (the "**Fundamental Activities**") are, in all material respects, conducted effectively:

- (a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions and consistent with internal financial controls implemented by companies of similar size and peer group as the Corporation;
- (b) the internal financial controls are regularly assessed for effectiveness and efficiency consistent with assessments performed by companies of similar size and peer group as the Corporation;
- (c) the Corporation's quarterly and annual financial statements are properly prepared by management to comply with International Financial Reporting Standards ("**IFRS**"); and
- (d) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure and to conform to applicable corporate and securities law, the Board has established the Audit Committee (the "**Committee**") of the Board.

The role of the Committee is to assist the Board in its oversight of the integrity of the financial and related information of the Corporation, including its consolidated financial statements, the internal controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements and to review the independence, qualifications and performance of the external auditor of the Corporation. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them.

II. COMPOSITION OF COMMITTEE

The Committee shall be appointed annually by the Board and consist of at least three members from among the directors of the Corporation, each of whom shall be an independent director (as determined under applicable laws). Officers of the Corporation, who are also directors, may not serve as members of the Committee.

The Board shall designate the Chair of the Committee.

In the event of a vacancy arising in the Committee or a loss of independence of any member, the Committee will fill the vacancy within six months or by the following annual shareholders' meeting if sooner.

III. RELIANCE ON EXPERTS

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation represented to him by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

IV. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharging of its duties under Terms of Reference, each member of the Corporation shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to endeavor to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

V. AUDIT COMMITTEE TERMS OF REFERENCE

The Committee's Terms of Reference outlines how the Committee will satisfy the requirements set forth by the Board in its mandate. Terms of Reference reflect the following:

- Operating Principles;
- Operating Procedures; and
- Specific Responsibilities and Duties.

While the Committee has the responsibilities set forth in its terms of reference, it is not the duty of the Committee to prepare the financial statements, plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with IFRS and applicable rules and regulations. Primary responsibility for the financial reporting, information systems, risk management, and disclosure controls and internal controls of the Corporation is vested in management.

1. Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

(a) Committee Values

The Committee expects the management of the Corporation to operate in compliance with corporate policies; reflecting laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

(b) Communications

The Committee and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee chairs, the external auditors, and other key Committee advisors or Corporation staff members as applicable.

(c) Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

(d) Financial Literacy

All Committee members should be sufficiently versed in financial matters to read and understand the Corporation's financial statements and also to understand the Corporation's accounting practices and policies and the major judgements involved in preparing the financial statements.

(e) Annual Audit Committee Work Plan

The Committee, in consultation with management and the external auditors, shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in these Terms of Reference. In addition, the Committee, in consultation with management and the external auditors, shall participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The work plan will be focused primarily on the annual and interim financial statements of the Corporation; however, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the Committee's Terms of Reference.

(f) Meeting Agenda

Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with Committee members, senior management and the external auditors.

(g) Committee Expectations and Information Needs

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that

written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.

(h) Access to Committee

Representatives of the external auditor and management of the Corporation shall have access to the Committee each in the absence of the other.

(i) External Resources

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise, including independent counsel.

(j) In Camera Meetings

At the discretion of the Committee, the members of the Committee shall meet in private session with the external auditors. In addition, at the discretion of the Committee, the members of the Committee shall meet in private with the management of the Corporation, without the auditors being present at such meeting.

(k) Reporting to the Board

The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

(l) The External Auditors

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall report directly to and be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

2. Operating Procedures

- (a) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chair, upon the request of two members of the Committee or at the request of the external auditors.
- (b) A quorum shall be a majority of the members.
- (c) Unless the Committee otherwise specifies, the Secretary (or his or her deputy) of the Corporation shall act as Secretary of all meetings of the Committee.
- (d) In the absence of the Chair of the Committee, the members shall appoint an acting Chair.
- (e) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.
- (f) Notice of the time and place of every meeting shall be given in writing by any means of transmitted or recorded communication, including facsimile, email or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member of the Committee may in any manner waive a notice of the meeting. Attendance of a member of the Committee at a meeting constitutes waiver of notice of the meeting, except where a

member of the Committee attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called for.

- (g) Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with the other members of the Committee, senior management and the external auditors.
- (h) Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceeds and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board).

3. Specific Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

(a) Financial Reporting

- (i) Review, prior to public release, the Corporation's annual and quarterly financial statements with management and the external auditors with a view to gaining reasonable assurance that the statements (A) are accurate within reasonable levels of materiality, (B) complete, (C) represent fairly the Corporation's financial position and performance in accordance with IFRS. The Committee shall report thereon to the Board before such financial statements are approved by the Board;
- (ii) Receive from the external auditors reports of their review of the annual and quarterly financial statements and any management letters issued to the management of the Corporation;
- (iii) Receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- (iv) Review, prior to public release, to the extent required pursuant to applicable securities laws, and, if appropriate, recommend approval to the Board, of news releases, to the extent required pursuant to applicable securities laws, and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;
- (v) Review and, if appropriate, recommend approval to the Board of prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar disclosure documents that may be issued by the Corporation; and
- (vi) Review and validate procedures for the receipt, retention and resolution of complaints received by the Corporation from any party regarding accounting, auditing or internal controls. For greater certainty, the Committee's responsibilities in this area will not include complaints about minor operational issues. (Examples of minor operational issues include late payment of invoices, minor disputes over accounts owing or receivable, revenue and expense allocations and other similar items characteristic of the normal daily operations of the accounting department of an oil and gas company.)

(b) Accounting Policies

- (i) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgements, including changes or variations thereto.
- (ii) Obtain reasonable assurance that they are in compliance with IFRS from management and external auditors and report thereon to the Board.
- (iii) Review with management and the external auditors the apparent degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgements and provisions along with quality of financial reporting.
- (iv) Participate, if requested, in the resolution of disagreements, between management and the external auditors.
- (v) Review with management the policies and procedures used for the categorization of flow-through expenditures and the qualification of such expenditures to satisfy the Corporation's existing obligations.

(c) **Risk and Uncertainty**

- (i) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:
 - A. reviewing with management the Corporation's tolerance for financial risks;
 - B. reviewing with management its assessment of the significant financial risks facing the Corporation;
 - C. reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks; and
 - D. reviewing with management its plans, processes and programs to manage and control such risks.
- (i) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- (ii) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
- (iii) Review the adequacy of insurance coverages maintained by the Corporation; and
- (iv) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

(d) **Financial Controls and Control Deviations**

- (i) Review the plans of the external auditors to gain reasonable assurance that the

evaluation and testing of applicable internal financial controls is comprehensive, coordinated and cost-effective;

- (ii) Receive regular reports from management and the external auditors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto;
- (iii) Institute a procedure that will permit any employee, including management employees, to bring to the attention of the Chair of the Committee, under conditions of confidentiality, concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgement, through existing reporting structures in the Corporation; and
- (iv) Receive and periodically assess reports from management on the policies and procedures used to assess and ensure the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements.

(e) **Compliance with Laws and Regulations**

- (i) Review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
 - A. tax and financial reporting laws and regulations;
 - B. legal withholding requirements; and
 - C. other laws and regulations which expose directors to liability.
- (ii) Review the filing status of the Corporation's tax returns, flow-through share renunciation filings and those of its subsidiaries.

(f) **Relationship with External Auditors**

- (i) Recommend to the Board the nomination of the external auditors;
- (ii) Approve the remuneration and the terms of engagement of the external auditors as set forth in the Engagement Letter. The Chair of the Committee has the authority to pre-approve non-audit services which may be required from time to time;
- (iii) Review the performance of the external auditors annually or more frequently as required;
- (iv) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (v) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (vi) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ;

- (vii) Meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
 - (viii) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee; and
 - (ix) Establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the judgement of the external auditors, merit the Committee's attention. In particular, the external auditors will advise the Committee as to disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved.
- (g) **Other Responsibilities**
- (i) After consultation with the Chief Financial Officer and the external auditors, consider at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
 - (ii) Approve in advance non-audit services, including tax advisory and compliance services, provided by the external auditors. However, the Committee can establish a threshold amount for fees for non-audit services to be provided by the external auditors without advance approval of the Committee. The nature of such services and the associated cost will be provided to the Committee at the next following meeting;
 - (iii) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
 - (iv) Perform such other functions as may from time to time be assigned to the Committee by the Board;
 - (v) Review and update the Terms of Reference on a regular basis for approval by the Board; and
 - (vi) The Committee will review disclosures regarding the organization and duties of the Committee to be included in any public document, including quarterly and annual reports to shareholders, information circulars and annual information forms.