

**CELTIC EXPLORATION LTD.**  
**(the “Corporation”)**

**RESERVES COMMITTEE MANDATE**

**Purpose**

1. The purpose of the Reserves Committee is to assist the Board in the discharge of the Board’s duties with respect to complying with the requirements contained in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“**NI 51-101**”).

**Duties**

2. The duties of the Reserves Committee are to:
  - (a) arrange for the preparation and public filing with securities authorities of:
    - (i) a Statement of Reserves Data and Other Information pursuant to Form 51-101F1 (the “**Reserves Report**”), as at the last day of the Corporation’s most recent financial year and for the financial year then ended;
    - (ii) a signed Report of Independent Qualified Reserves Evaluator or Auditor pursuant to Form 51-101F2 (the “**Evaluator’s Report**”); and
    - (iii) a signed Report of Management and Directors pursuant to Form 51-101F3 (the “**Management Report**”) confirming the role of the board in connection with reserves and executed by two senior officers and two directors of the Corporation;
  - (b) recommend to the Board the engagement of a qualified reserves evaluator or auditor pursuant to the requirements of NI 51-101;
  - (c) ensure the independence of the reserves evaluator or auditor;
  - (d) ensure the reserves evaluator or auditor has all of the information reasonably necessary to provide a Reserves Report that satisfies the requirements of NI 51-101;
  - (e) review the appointment or change in appointment of the reserves evaluator or auditor and in the case of a proposed change in appointment, determine whether there have been any disputes between the reserves evaluator or auditor and management of the Corporation;
  - (f) determine whether any restrictions affect the ability of the reserves evaluator or auditor in reporting on the Corporation’s reserves data;
  - (g) review, with reasonable frequency, the Corporation’s procedures relating to the disclosure of oil and gas activities and reserves information;
  - (h) review the scope of the annual review of reserves;
  - (i) meet independently of management with the reserves evaluator or auditor;
  - (j) before approving the filing of the Reserves Report, meet with management and the reserves evaluator or auditor to:

- (i) determine whether any restrictions affect the ability of the reserves evaluator or auditor to report on reserves data without reservation;
- (ii) review the reserves data and the report of the reserves evaluator or auditor; and
- (iii) review and approve the content and filing of the Reserves Report, the Evaluator's Report and the Management Report;
- (k) discuss reserves findings and disagreements between management and the reserves evaluator or auditor and resolve disputes;
- (l) annually assess the work of the reserves evaluator or auditor;
- (m) ensure that the filing of the Reserves Report, Evaluator's Report and Management Report are the subject of a press release at the time of filing; and
- (n) ensure the qualifications of the members of the Reserves Committee pursuant to section 3.5 of NI 51-101.

### **Governance**

3. The Reserves Committee will:
- (a) review and update the Reserves Committee Mandate on an annual basis and as needed to ensure compliance with changing legal, regulatory and exchange requirements;
  - (b) work with the Disclosure Committee with respect to the Corporation's disclosure obligations under NI 51-101; and
  - (c) co-ordinate with the Audit Committee with respect to overlapping information and disclosure obligations involving reserves and financial reporting.

### **Composition**

4. All members of the Reserves Committee will, at all times, be independent as defined in then current laws applicable to the Corporation and will ensure that a majority of the members of the Reserves Committee are:
- (a) free from any business or other relationship which could reasonably be seen to interfere with the exercise of their independent judgment; and
  - (b) individuals who are not and have not been, during the preceding 12 months:
    - (i) an officer or employee of the Corporation or its subsidiaries or affiliates;
    - (ii) a person who beneficially owns 10 percent or more of the outstanding voting securities of the Corporation; or
    - (iii) a relative of a person described in (a) or (b) above, residing in the same home as that person.

### **Meetings**

5. The Reserves Committee is responsible to meet as often as required to discharge its duties.

6. The Chair of the Reserves Committee appointed by the Board will, in consultation with the members, determine the schedule, time and place of meetings.
7. A quorum for a meeting of the Reserves Committee shall be a majority of members present in person or by telephone conference call.
8. Notice of the time and place of every meeting shall be given in writing, by email or facsimile to each member of the Reserves Committee at least 24 hours prior to the time fixed for such meeting, provided that a member may in any manner waive a notice of meeting.
9. The Reserves Committee does not have the authority to further delegate authority to individuals or sub-Committees of the Nominating Committee.

### **Reporting**

10. The Reserves Committee is responsible, following each meeting, to report to the Board regarding its activities, findings and recommendations.

### **Materials**

11. The Reserves Committee has access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

### **Advisors**

12. The Reserves Committee shall have the power to retain, instruct, compensate and terminate independent advisors to assist the Reserves Committee in the discharge of its duties at the expense of the Corporation.

Adopted and approved by the Board: February 27, 2006