



AUDIT COMMITTEE MANDATE AND TERMS OF REFERENCE

I. ROLE AND OBJECTIVE

- A. The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Bengal Energy Ltd. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:
- (a) To assist directors of the Corporation (the "**Directors**") on meeting their responsibilities in respect of the review, approval, preparation and disclosure of the financial statements of the Corporation and related documentation;
 - (b) To provide a communication link between independent Directors and external auditors;
 - (c) To enhance the external auditor's independence;
 - (d) To increase the credibility and objectivity of financial reports; and
 - (e) To strengthen the role of the outside Directors by facilitating in depth discussions between Directors on the Committee, management and external auditors.

II. MEMBERSHIP OF COMMITTEE

- A. The Committee shall be comprised of at least three (3) Directors, none of whom are members of management of the Corporation and all of whom "independent" (as such term is used in National Instrument 52-110 — *Audit Committees* ("**NI 52-110**") unless the Board shall have determined that the exemption contained in NI 52-110 is available and has determined to rely thereon.
- B. The Board shall appoint the Chair of the Committee, who shall be an independent Director.
- C. All of the members of the Committee shall be "financially literate" (as such term is defined in NI 52-110 and by the Toronto Stock Exchange or other applicable regulatory authority) unless the Board shall determine that an exemption under NI 52-110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of NI 52-110.

III. MANDATE AND RESPONSIBILITIES OF COMMITTEE

- A. The Committee shall provide oversight on the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.
- B. The Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:
 - (a) identify, monitor and mitigate business risks;
 - (b) ensure compliance with legal, ethical and regulatory requirements;
 - (c) review the Corporation's risk management controls and policies;
 - (d) obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and the external auditor;
 - (e) review management steps to implement and maintain appropriate internal control procedures including a review of policies;
 - (f) review adequacy of security of information, information systems and recovery plans;
 - (g) monitor compliance with statutory and regulatory obligations;
 - (h) review the appointment of the Chief Financial Officer; and
 - (i) review the adequacy of accounting and finance resources.
- C. The primary responsibility of the Committee is to review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:
 - (a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
 - (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - (c) ascertaining compliance with covenants under loan agreements;
 - (d) reviewing accounting treatment of unusual or non-recurring transactions;
 - (e) reviewing disclosure requirements for commitments and contingencies;

- (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (g) reviewing unresolved differences between management and the external auditors; and
 - (h) obtaining explanations of significant variances with comparative reporting periods.
- D. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information.
- E. With respect to the appointment of external auditors by the Board, the Committee shall:
- (a) review and recommend to the Board, for shareholder approval, engagement of the external auditor including, as part of such review and recommendation, an evaluation of the external auditors qualifications, independence and performance;
 - (b) review and recommend to the Board the annual external audit plan, including but not limited to the following:
 - (i) engagement letter;
 - (ii) objectives and scope of the external audit work;
 - (iii) procedures for quarterly review of financial statements;
 - (iv) materiality limit;
 - (v) areas of audit risk;
 - (vi) staffing;
 - (vii) timetable; and
 - (viii) proposed fees;
 - (c) on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
 - (d) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - (e) review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the

independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.

- F. Review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including but not limited to:
 - (a) any difficulties encountered, or restrictions imposed by management during the annual audit;
 - (b) any significant accounting or financial reporting issue including the resolution of any disagreement between management and the external auditors;
 - (c) the auditor's evaluation of the Corporation's system of internal controls, procedures and documentation;
 - (d) the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weakness; and
 - (e) assess the performance and consider the annual appointment of external auditors for recommendation to the Board.
- G. The Committee shall review risk management policies and procedures of the Corporation (eg. hedging, litigation and insurance).
- H. The Committee shall review and receive assurances on the independence of the external auditor.
- I. The Committee shall review the non-audit services to be provided by the external auditor's firm and consider the impact on the independence of the external audit.
- J. The Committee shall establish a procedure for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

- K. The Committee shall review and be apprised of any intent of the Corporation regarding the hiring of partners and employees who work on the Corporation's account and former partners and employees of the present and former external auditors of the Corporation.
- L. The Committee shall have the authority to communicate directly with the internal auditors of the Corporation (if any) and the external auditors of the Corporation.
- M. The Committee shall have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.
- N. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling their responsibilities at the expense of the Corporation without any further approval of the Board.
- O. The Committee shall review material litigation and its impact on financial reporting.

IV. MEETINGS AND ADMINISTRATIVE MATTERS

- A. At all meetings of the Committee every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
- B. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
- C. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Board.
- D. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.
- E. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate. At each of these meetings, the Committee will have an "in-camera" session with the external auditors.
- F. The Corporation's auditors shall be advised of the names of the Committee members and, when appropriate, will receive notice of and be invited to attend meetings of the Committee and to be heard at those meetings on matters relating to the auditor's duties.
- G. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

- H. The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
- I. Minutes of the Committee will be recorded and maintained and circulated to Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
- J. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
- K. Any members of the Committee may be removed or replaced at any time by the Board and shall 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 shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following their appointment as a member of the Committee each member shall hold office until the Committee is reconstituted.
- L. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.

V. STANDARDS OF LIABILITY

Nothing contained in this Mandate and Terms of Reference is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in this Mandate and Terms of Reference are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

VI. REVIEW OF MANDATE AND TERMS OF REFERENCE

The Committee shall review and assess this Mandate and Terms of Reference annually and otherwise as it deems appropriate and recommend changes to the Board.

Dated: March 28, 2018