

PAINTED PONY PETROLEUM LTD.
Reserves Sub Committee Charter

OVERALL ROLE AND RESPONSIBILITY

- The Reserves Sub Committee (the “Committee”) shall be appointed by the Board of Directors of Painted Pony Petroleum Ltd. (the “Corporation”) and is responsible to the Board.
- The Committee’s general mandate is to oversee and monitor the Corporation’s process for calculating the reserves and the procedures for compliance with applicable legislation and conformity with industry standards and disclosure of information. It reviews, reports and, when appropriate, makes recommendations to the Board on the Corporation’s policies and procedures related to the Corporation’s reserve estimates.

Composition

- The Sub Committee shall be composed of one or more directors, a majority of whom shall be independent and unrelated to the Corporation and as such shall not be officers (other than a non-executive Chairman or Corporate Secretary who is not an employee of the Corporation) or employees of the Corporation or any of the Corporation’s affiliates.
- The Board shall choose one member to serve as Chairman (the “Chairman”) who is responsible for the preparation of reports to the Board and conducting the meetings of the Committee. If the Chairman of the Committee is not present at any meeting of the Committee, the Chairman of the meeting shall be chosen by the Committee from among the unrelated members present. Resolutions of the Committee shall be carried by the majority of the votes of the members of the Committee present at the meeting.

SPECIFIC DUTIES

- Reviewing the selection of the independent evaluator by the senior management of the Corporation;
- Reviewing the Corporation’s procedures for providing information to the independent evaluator;
- Meeting with the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the reserves data;
- Reviewing the reconciliation of changes in reserves and future net revenue;
- Reviewing with management and the independent evaluator, and approving, the reserves data;
- Reviewing procedures for reporting other information associated with oil and gas producing activities; and
- Review the methodology for calculating oil and gas reserves and the valuation of reserves. In general, the methodology must be consistent with regulatory requirements for public oil and gas companies in Canada:
 - Reserves will be estimated and Future Net Revenue shall be calculated in accordance with the definitions and guidelines of CIM and SPEE;
 - An independent evaluator will audit or evaluate a minimum of 75% of Future Net Revenue on an annual basis by April 15th of the following year;

- Information calculated is to include:
 - proved reserves using constant prices and costs;
 - proved and risked probable reserves using forecast prices and costs (price forecast of independent evaluator); and
 - estimated future net revenue/cash flows for these reserves discounted at 10%.
- The Corporation will estimate and report an internal calculation of proven reserves added through oil and gas activities on a quarterly basis, utilizing all relevant data available at the time of evaluation, and adhering to the same guidelines used by an independent evaluator.
- Ensuring the Corporation complies with the requirements regarding independent reserves evaluation and disclosure thereof of the laws governing the Corporation, the applicable stock exchange on which the Corporation's securities are listed and applicable securities regulatory authorities.

Meetings and Minutes

- The time and place of meetings of the Committee and the procedures at such meetings shall be determined from time to time by the member(s) thereof, provided that a quorum for meetings shall be a majority of the members present in person or by telephone or other telecommunications device that permit all persons participating in the meeting to speak and hear each other;
- The Committee shall meet at least annually;
- The Committee may invite such officers, directors and/or employees of the Company as it may see fit from time to time to attend a meeting of the Committee and assist in the discussion and consideration of the matters being considered by the Committee;
- Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request to the Chairman.