



NAL Energy Corporation

Reserves Committee Charter

Effective December 31, 2010

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Reserves Committee Charter

General

The board of directors (the "**Board of Directors**") of NAL Energy Corporation (the "**Corporation**") has established, a Reserves Committee (the "**Committee**"). The primary role of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in the annual review of the Corporation's and the Corporation's direct and indirect subsidiary entities' (collectively, the "**NAL Group's**") petroleum and natural gas reserves and any additional duties set out in this mandate or otherwise delegated to the Committee by the Board of Directors.

Composition and Operation

The Board of Directors will in each year appoint a minimum of three (3) directors ("**Directors**") as members of the Committee. All members of the Committee shall be "independent" Directors as contemplated in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"), such that each member of the Committee shall have no direct or indirect relationship with the NAL Group or NAL Resources Management Limited (the "**Manager**") that could, in the view of the Board of Directors, reasonably be seen to interfere with the exercise of his or her independent judgment. All members of the Committee shall have a general familiarity with petroleum and natural gas reserve matters. In addition, a majority of the members of the Committee shall be individuals who are not and have not been, during the preceding 12 months:

- (a) an officer or employee of the NAL Group or the Manager;
- (b) a person who beneficially owns 10% or more of the outstanding common shares of the Corporation; or
- (c) a relative of a person referred to subparagraphs (a) or (b) residing in the same home as that person.

The Board of Directors will in each year appoint a chairman of the Committee (the "**Committee Chair**"). In the Committee Chair's absence, or if the position is vacant, the Committee may select another member as Committee Chair. The Committee Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members of the Committee as appropriate prior to the exercise of any powers and will, in any event, advise all other members of the Committee of any decisions made or powers exercised.

Directors who are not members of the Committee may attend all or any part of meetings of the Committee, but shall not be entitled to vote on any questions before the Committee. Other than members of the Board of Directors, entitlement to attend all or any portion of any Committee meeting shall be determined by the Committee Chair of the Committee or its members.

Mandate

The Committee's duties and responsibilities include, but are not limited to the following.

Petroleum and Natural Gas Reserves

In connection with the petroleum and natural gas reserve reporting and disclosure obligations of the NAL Group, the Committee will:

1. assist the Board of Directors, and when considered appropriate, make recommendations, in respect of:
 - (a) the independent evaluation and review of the NAL Group's petroleum and natural gas reserves, reserves data and related information;
 - (b) the disclosure of information with respect to oil and natural gas activities; and
 - (c) discharging the obligations imposed on the Corporation and the Board of Directors under applicable securities legislation, regulations and related requirements;
2. in consultation with the Manager's senior reserve personnel, consider, review and report to the Board of Directors in respect of:
 - (a) the appointment, or any change in the appointment, of independent reserves evaluators (the "**Reserves Evaluators**") to report to the Board of Directors in respect of the evaluation and review of the NAL Group's petroleum and natural gas reserves, reserves data and related information;
 - (b) the scope of the annual evaluation of the reserves by the Reserves Evaluators having regard to industry practices and applicable securities legislation, regulations and related requirements;
 - (c) the NAL Group's and the Manager's procedures for providing information to the Reserves Evaluators; and
 - (d) procedures relating to the disclosure of information with respect to oil and natural gas activities, including procedures for complying with applicable disclosure requirements and restrictions;
3. meet at least annually with the Manager's senior reserves personnel and the Reserves Evaluators, jointly and separately, prior to approving the filing of reserves data and the report of the Reserves Evaluators thereon to review and consider the evaluation of the NAL Group's petroleum and natural gas reserves;
4. co-ordinate meetings with the Audit Committee of the Corporation, the auditors of the NAL Group, the Manager's senior reserve personnel and the Reserves Evaluators as may

be required to address matters of mutual interest or concern in respect of the NAL Group's evaluation of petroleum and natural gas reserves;

5. review, with reasonable frequency, the NAL Group's internal procedures relating to the disclosure of oil and gas activity information and appointments (or proposed changes in appointment) of the Reserves Evaluators;
6. ensure that all of the NAL Group's public disclosure is consistent with the Canadian Oil and Gas Evaluation Handbook evaluation standards;
7. determine whether any restrictions affect the Reserves Evaluator's ability to report without reservation;
8. review the preparation of the *Statement of Reserves Data and other Oil and Gas Information* on Form 51-101F1 (the "**Statement of Reserves**") and the *Report of Reserves Data by Independent Reserves Evaluator or Auditor* on Form 51-101F2 (the "**Evaluator's Report**"), as required by NI 51-101;
9. make recommendations to the Board of Directors relating to the approval of the content and filing of the Statement of Reserves, the Evaluator's Report and the *Report of Management and Directors on Oil and Gas Disclosure* on Form 51-101F3 (the "**Management Report**") as required under NI 51-101;
10. cause to be filed the Statement of Reserves, the Evaluator's Report and the Management Report concurrently with the filing of year-end financial statements; and
11. cause to be issued a press release concurrently with the filing of the Statement of Reserves, the Evaluator's Report and the Management Report, announcing the filings and indicating where copies of the filings can be viewed electronically.

Review of Property Holdings

The Committee will also review, with reasonable frequency, the NAL Group's holdings of proved and unproved properties, the NAL Groups' land acquisition activities and strategies and the area of unproved property for which the NAL Group's rights to explore, develop and exploit are scheduled to expire.

Board of Directors Relationship and Reporting

The Committee will:

1. review and assess the adequacy of the Committee mandate annually and submit such amendments as the Committee proposes to the Corporate Governance and Environment, Health and Safety Committee of the Board of Directors;
2. oversee appropriate disclosure of the Committee mandate, and other information required to be disclosed by applicable securities laws, in the Corporation's annual information form and all other applicable disclosure documents, including any management

information circular distributed in connection with the solicitation of proxies from Shareholders; and

3. report regularly to the Board of Directors on Committee activities, issues and related recommendations.

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Administrative Matters

The following general provisions shall have application to the Committee:

1. A quorum of the Committee shall be the attendance of two (2) members thereof. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee.
2. Any member of the Committee may be removed or replaced at any time by resolution of the Board of Directors. 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, each member of the Committee shall hold such office until the close of the annual meeting of the shareholders of the Corporation next following the date of appointment as a member of the Committee or until a successor is duly appointed.
3. The Committee may invite such officers, directors and employees of the NAL Group or Manager as it may see fit from time to time to attend at meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee. The Reserves Evaluators are to appear before the Committee when requested to do so by the Committee.
4. The time and place for the Committee meetings, the calling and the procedure at such meetings shall be determined by the Committee having regard to the by-laws of the Corporation.

5. The Committee shall meet a minimum of two (2) times a year.
6. The Committee Chair shall preside at all meetings of the Committee. In the absence of the Committee Chair, the other members of the Committee shall appoint a representative amongst them to act as Committee Chair for that particular meeting.
7. Notice of meetings of the Committee may be given to the Reserves Evaluators. The Reserves Evaluators have the right to appear before and to be heard at any meeting of the Committee. Upon the request of the Reserves Evaluators, the Committee Chair shall convene a meeting of the Committee to consider any matters which the Reserves Evaluators believe should be brought to the attention of the Board of Directors and/or the NAL Group.
8. The Committee shall report to the Board of Directors on such matters and questions relating to the oil and natural gas reserves of the NAL Group as the Board of Directors may from time to time refer to the Committee.
9. The members of the Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the NAL Group, and to discuss such books and records that are in any way related to the oil and natural gas reserves of the NAL Group with the officers and employees of the NAL Group and the Manager and the Reserves Evaluator.
10. Minutes of the Committee meetings shall be recorded and maintained. The Committee Chair will report to the Board of Directors on the activities of the Committee and/or the minutes of the Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.

Experts and Advisors

In order to carry out its duties, the Committee may retain or appoint, at the Corporation's expense, such independent counsel and other experts and advisors, as it deems necessary. The Committee may also request any officer or employee of the Corporation or the Manager to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.