



MANDATE OF THE BOARD OF DIRECTORS

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The Board of Directors (the "**Board**") of Petrus Resources Ltd. ("**Petrus**" or the "**Corporation**") is responsible for the stewardship of the Corporation. In discharging its responsibilities, each member of the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Petrus. In general terms, the Board will endeavor to:

- (a) define the principal objective(s) of the Corporation based upon the recommendations of the Chief Executive Officer of the Corporation (the "**CEO**") and others deemed appropriate for such purpose;
- (b) monitor the management of the business and affairs of Petrus with the goal of achieving Petrus' principal objective(s) as defined by the Board;
- (c) discharge the duties imposed on the Board by applicable laws; and
- (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will endeavor to perform the following duties:

1. Strategic Operating, Capital, Financing and Risk Management Plans

- (a) require the CEO to present annually to the Board a strategic plan for Petrus' business, which plan must:
 - (i) be designed to achieve Petrus' principal objectives;
 - (ii) identify the principal strategic and operational opportunities and risks of Petrus' business; and
 - (iii) be approved by the Board as a pre-condition to the implementation of such plans.
- (b) review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- (c) review the principal risks of the Corporation's business identified by the CEO and review management's implementation of the appropriate systems to manage these risks (including but not limited to litigation, insurance, hedging, credit risk and significant contracts);
- (d) approve the annual operating and capital budgets and plans and subsequent revisions thereof;
- (e) approve property acquisitions and dispositions in excess of \$500,000;
- (f) approve the establishment of credit facilities and borrowings;
- (g) approve issuances of securities;

2. *Monitoring and Acting*

- (a) monitor Petrus' progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- (b) monitor overall human resource policies and procedures, including compensation and succession planning;
- (c) appoint the officers of the Corporation and, as required, determine the terms of the officers' employment with Petrus;
- (d) review the systems implemented by management and the Board which are designed to maintain or enhance the integrity of Petrus' internal control and management information systems;
- (e) review the systems implemented by management and the Board which are designed to monitor and mitigate risk including review of: hedging program design and execution, insurance policies, counterparty credit risk and significant contracts.
- (f) monitor the "good corporate citizenship" of Petrus, including compliance by Petrus with all applicable environmental laws;
- (g) in consultation with the CEO, establish the ethical standards to be observed by all officers, employees and consultants of Petrus and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- (h) require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by Petrus and its officers and employees;
- (i) approve all matters relating to a takeover bid of Petrus;

3. *Compliance Reporting and Corporate Communications*

- (a) review the procedures implemented by Management and the Board which are designed to ensure that the financial performance of Petrus is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- (b) recommend to shareholders of Petrus a firm of chartered accountants to be appointed as Petrus' auditors;
- (c) review the procedures designed and implemented by management and the independent auditors to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (d) review the procedures implemented by Management and the Board which are designed to ensure the timely reporting of any other developments that have a significant and material impact on the value of Petrus;
- (e) review, consider and where required, approve, disclosure required under National Instrument 51-101;

- (f) report annually to shareholders on the Board's stewardship for the preceding year with respect to the disclosure requirements set forth in National Instrument 51-102; and
- (g) where required, approve any policy designed to enable Petrus to communicate effectively with its shareholders and the public generally.

4. Governance

- (a) in consultation with the Chair of the Board, develop a position description for the Chair of the Board;
- (b) facilitate the continuity, effectiveness and independence of the Board by, amongst other things:
 - (i) selecting nominees for election to the Board;
 - (ii) appointing a Chair of the Board who is not a member of management or, failing that, ensuring that an independent "lead director" is appointed;
 - (iii) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate;
 - (iv) defining the mandate or terms of reference of each committee of the Board;
 - (v) ensuring that processes are in place and are utilized to assess the effectiveness of the Chair of the Board, the Board as a whole, each committee of the Board and each director;
 - (vi) establishing a system to enable any director to engage an outside adviser at the expense of Petrus; and
 - (vii) review annually the adequacy and form of the compensation of directors.

5. Delegation and Composition

- (a) the Board may delegate its duties to and receive reports and recommendations from any committee of the Board.
- (b) a majority of Board members should be "independent" Directors as such term is defined in National Instrument 52-110;
- (c) on at least an annual basis, the Board shall conduct an analysis and make a positive affirmation as to the "independence" of a majority of its Board members; and
- (d) members should have or obtain sufficient knowledge of Petrus and the oil and gas business to assist in providing advice and counsel on relevant issues.

6. Meetings

- (a) the Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair;

- (b) minutes of each meeting shall be prepared by the Corporate Secretary of the Corporation;
- (c) the CEO may be present at all meetings of the Board subject to being excused from all in-camera sessions of independent directors or where otherwise required for conflict or good governance purposes; and
- (d) Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

7. *Reporting / Authority*

- (a) following each meeting, the Corporate Secretary will promptly provide draft copies of the minutes of the meeting;
- (b) supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any director upon request to the CEO;
- (c) the Board shall have the authority to review any corporate report or material and to investigate activity of the Corporation and to request any employees to cooperate as requested by the Board; and
- (d) the Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Petrus.

8. *Standards of Liability*

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