



SEVEN GENERATIONS  
E N E R G Y

**SEVEN GENERATIONS ENERGY LTD.  
RISK MANAGEMENT COMMITTEE MANDATE**

**Section 1 Purpose**

The Risk Management Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Seven Generations Energy Ltd. (the “**Corporation**”). The Board has delegated to the Committee the responsibility for the oversight of management’s identification and evaluation of the Corporation’s principal risks and the implementation of policies, processes and systems to manage or mitigate the risks to achieve an appropriate balance between the risks incurred and potential benefits to the Corporation’s stakeholders.

**Section 2 Composition and Meetings**

- (a) The Committee shall be comprised of at least three (3) directors of the Corporation or such greater number as the Board may determine, the majority of whom shall be “independent” for the purposes of National Policy 58-201 – *Corporate Governance Guidelines* and shall be (or shall become within a reasonable period of time after appointment) familiar with the Corporation’s business, operations and risk management activities in order to provide advice and counsel regarding risk management.
- (b) The members of the Committee and its Chair shall be elected from the duly elected directors of the Corporation by the Board on an annual basis, or until they are removed by the Board or until they cease to be a director or their successors are duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
- (c) The members of the Committee may be removed or replaced by the Board at any time. The Chair may be removed by the Board or the Committee, in consultation with the Board, at any time. Any member shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as a quorum remains.
- (d) The Committee may delegate any or all of its functions to any of its members or any sub-set thereof, or other persons, from time to time as it sees fit.

- (e) Each member of the Committee shall stay current in their understanding of corporate risks and enterprise risk management and will pursue relevant continuing education opportunities (both formal and informal) that may be beneficial to them in executing the Committee's mandate.
- (f) The Committee shall meet at least four times per annum or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings or to provide information as necessary. The Committee shall have full access to all information it deems appropriate for the purpose of fulfilling its role.
- (g) The Committee may, if considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants or other experts and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of the Corporation) the compensation for any such advisors.
- (h) At all meetings of the Committee every question 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; rather any matter in which the Committee is split will be taken to the full Board for resolution.
- (i) A quorum for the transaction of business at any meeting of the Committee shall be a simple majority of its members in any case but not less than two (2).
- (j) Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chair of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Corporate Secretary shall also be entitled to call a meeting.
- (k) Agendas shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings. Under normal circumstances it is the expectation that the Committee Chair will have a chance to review and provide commentary on a meeting agenda but it is not essential. Minutes of each meeting will be recorded, reviewed for errors or omissions with the Committee Members and filed with the Corporate Secretary who will make them available to any director wishing to review them.
- (l) The Committee Chair will report on the activities and decisions of the Committee at quarterly (or more frequent) meetings of the full Board.

- (m) Any issue arising from these meetings that bear on the relationship between the Board and management should be communicated to the whole Board by the Committee Chair.

### **Section 3      Role**

In addition to the matters described in Section 1, and any other duties and authorities delegated to it by the Board from time to time, the role of the Committee is to:

#### **(1)      *General***

- (a) Review and recommend to the Governance and Nominating Committee changes to this Mandate, as considered appropriate from time to time.
- (b) Review management's summary of risks in the Corporation's disclosure documents, as required.

#### **(2)      *Risk Management***

- (a) Review management's assessment of the Corporation's principal risks, including potential emerging risks, as well as the Corporation's overall risk appetite/risk profile. Also review management's assessment of key corporate opportunities. Discuss with management the processes for the identification of the Corporation's principal risks and opportunities and the efficacy of the policies and procedures for mitigating and/or addressing those risks and capturing opportunities.
- (b) Identify and review the principal financial risks of the Corporation, including but not limited to changes in commodity prices, interest rates, foreign currency exchange rates and credit.
- (c) Identify and review the principal organizational risks of the Corporation, including but not limited to organizational processes and structures, culture, reputation and personnel.
- (d) Review guidelines, policies and reports from management with respect to risk assessment, risk management and major financial risk exposures, including the processes management uses to assess and manage the Corporation's risks and exposures. If, in the Committee's view, changes in guidelines and policies are desirable, recommend such changes to the Board or management, as applicable.
- (e) Review the financial exposures undertaken by the Corporation together with any mitigating strategies, including hedging and insurance, and consider these in light of the corporate risk management policies approved from time to time and related internal controls. Such exposures include physical and financial positions in commodities markets, derivatives strategies, counterparty credit risk, capital commitments, sovereign and foreign exchange exposures and exposure to interest rate fluctuations.

- (f) Review the activities of the Corporation's treasury and marketing groups and the financial risks arising from those activities, including any proposed authorities of management from the Board for the hedging of the exposures.
- (g) Review the adequacy of the policies of the treasury and marketing groups to address these risks, including key internal controls of treasury and marketing activities and receive reports on any significant breaches of the policies.
- (h) Review quarterly, a summary report of the hedging activities including a summary of the hedge-related instruments at the end of each quarter before quarterly Board meetings.
- (i) Annually review, and if desirable, recommend changes to the insurance program including coverage for property damage, business interruption and liabilities.
- (j) Review, at least annually, the Corporation's cyber security programs and their effectiveness. Also review system status updates provided by management with respect to the Corporation's core IT operating systems.
- (k) Review any other significant financial exposures of the Corporation to the risk of a material financial loss.

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