

CATHEDRAL ENERGY SERVICES LTD.
AUDIT COMMITTEE CHARTER
Dated: March 2021

ROLE AND RESPONSIBILITIES

The Audit Committee ("Committee") is a committee of the Board of Directors (the "Board", each member of the Board a "Director") established to assist the board in fulfilling its responsibility for oversight of Cathedral Energy Services Ltd. (the "Corporation") financial reporting process.

RESPONSIBILITIES

The primary functions of the Committee are to assist the Board in fulfilling its responsibilities with respect to: (i) oversight, review and approval of the financial statements and the accounting and financial reporting processes of the Corporation; (ii) oversight of the assessment of the system of internal controls that management has established; and (iii) oversight of the external audit process. In addition, the Committee shall assist the Board, as requested, in fulfilling its oversight responsibilities with respect to enterprise risk management practices.

The Committee shall be directly responsible for recommending to the Board the nomination of the external auditor and the compensation and retention of the external auditor and overseeing the work of the external auditor and the relationship of the external auditor with the Corporation (including the resolution of disagreements between management and the external auditor regarding financial reporting).

The Committee is responsible for ensuring the external auditor maintains an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the shareholders of the Corporation.

MEMBERSHIP

The Committee shall be comprised of a minimum of three directors including a Committee Chair, all of whom shall qualify as independent directors pursuant to National Instrument 52-110 *Audit Committees* (as implemented by the Canadian Securities Administrators and as amended from time to time). Each member of the Committee shall be financially literate, as defined in NI 52-110, and the Chair of the Committee shall have accounting or related financial managerial expertise. The members of the Committee and its Chair shall be appointed by the Board. Appointments shall be made in accordance with procedures established by the governance committee of the Board from time to time.

MEETINGS

The Committee shall meet at least four times annually (for review of Q1, Q2 and Q3 interim reports as well as pre and post annual audit). The Chair may call additional meetings as required. In addition, a meeting may be called by the Board Chair, the President & Chief Executive Officer (collectively "CEO), any member of the Committee or the external auditors. The Committee shall report to the Board on its activities after each of its meetings. The Committee is expected to establish and maintain free and open communication among the independent external auditor and senior management and shall periodically meet separately with each of them. The CEO and

the Chief Financial Officer are expected to be available to attend the Committee's meetings or portions thereof. The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution. In the event of a tie vote on any matter, such matter shall be presented to the Board for its consideration and determination. Directors, who are not members of the Committee, may attend Committee meetings, on an ad hoc basis, upon prior consultation and approval of Committee Chair or by a majority of the members of the Committee.

AUTHORITY

The Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Committee has the sole authority to approve any non-audit engagement by the Corporation's independent external auditors and to approve all audit engagement fees and terms. The Committee shall have unrestricted access to personnel and information, and any resources necessary to carry out its responsibility.

The Committee shall be empowered to retain, obtain advice or otherwise receive assistance from outside independent legal counsel, accountants or others to assist in the conduct of any investigation as it deems necessary in the course of fulfilling Committee duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent external auditor for the purposes of issuing an audit report and to any advisors retained by the Committee.

REVIEW OF CHARTER AND COMMITTEE PERFORMANCE

On an annual basis, the Committee shall report to the Board on the Committee's performance against this Charter and the goals established annually by the Committee for itself. The Committee shall review and update the adequacy of this Charter periodically, and where necessary, recommend changes to the Board for its approval.

SPECIFIC DUTIES AND RESPONSIBILITIES

The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board.

1) Financial Reporting and Public Disclosure

- (a) Review, with management and the independent external auditor:
 - (i) the independent external auditors annual audit plan;
 - (ii) the Corporation's annual audited financial statements. In relation to the annual audited financial statements, review significant issues including accounting principles, practices and significant management estimates and judgments, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies;
 - (iii) the Corporation's annual management's discussion and analysis ("MD&A");

- (iv) the independent external auditors' audit examination of the annual financial statements and their report thereon; and
 - (v) all public disclosure documents containing audited or unaudited financial information before release, including, but not limited to, any prospectus, the Corporation's annual report, the Corporation's annual information form, the Corporation's management proxy circular and any press releases.
- (b) Review, with management and if appropriate, the independent external auditor engaged to perform a limited scope review of the interim reports:
 - (i) the Corporation's interim unaudited financial statements;
 - (ii) the Corporation's interim MD&A;
 - (iii) related press releases; and
 - (iv) any significant changes to the Corporation's accounting principles.
- (c) Oversee an investigation sufficient to provide reasonable grounds for believing that the financial statements and reports referred to in (a) and (b) above are complete in all material respects and consistent with the information known to Committee members, and assess whether the financial statements reflect appropriate accounting principles.
- (d) Review with senior management and the independent external auditor, management's handling of any proposed audit adjustments identified by the independent external auditors.
- (e) Meet with the independent external auditor to review the results of the audit examination of the financial statements and their report thereon, their judgments about the quality and appropriateness of the Corporation's accounting principles, and any audit problems or difficulties and management's response.
- (f) Review and resolve any significant disagreement among the management and the independent external auditors encountered during the course of their audit or review, including any restrictions in the scope of the independent external auditor's work or access to required information.
- (g) Review the integrity of the Corporation's internal and external financial reporting process, in consultation with the independent external auditors.
- (h) Review tax, legal and any financial reporting aspects of the Corporation as the Committee considers appropriate.
- (i) Consider, evaluate and recommend to the Board such changes as are appropriate to the Corporation's auditing and accounting principles and practices as suggested by the independent external auditors or senior management.

- (j) Review with the independent external auditors and senior management the extent to which changes and improvements in financial and accounting practices, as approved by the Committee, have been implemented.
- (k) Formally recommend approval to the Board of the Corporation's annual financial statements, interim financial statements and reports referred to in (a) and (b) above. The annual audited financial statement review shall include a report from the independent external auditors about the quality of the most critical accounting policies upon which the Corporation's financial status depends, and involve the most complex, subjective or significant judgmental estimates, decisions or assessments.

2) Independent External Auditor

- (a) Be directly responsible, in the Committee's capacity as a committee to the Board and subject to the rights of shareholders and applicable law, for the appointment, compensation, retention and oversight of the work of the independent external auditors for the purposes of preparing or issuing an audit report, or performing other audit, review, or attest services for the Corporation. The independent external auditors shall report directly to the Committee.
- (b) At least annually, obtain and review a report by the independent external auditor describing:
 - (i) the independent external auditors' internal quality-control procedures; and
 - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent external auditors, and any steps taken to deal with any such issues.
- (c) Confirm the independence of the independent external auditor by discussing and reviewing all significant relationships that the independent external auditors have with the Corporation and obtaining their assertion of independence in accordance with professional standards.
- (d) Review and evaluate:
 - (i) the performance of the independent external auditor, and make a recommendation to the Board regarding the reappointment or discharge of the independent external auditors for presentation to the shareholders;
 - (ii) the terms of engagement, audit scope and audit plans of the independent external auditors together with their proposed fees; and
 - (iii) the engagement of the independent external auditors firm or affiliates to perform non-audit services, together with the fees thereof, and the impact thereof, on the independence of the independent external auditors.

- (e) Approve all non-audit service with the Corporation's independent external auditors other than services related to limited scope reviews of interim reports and Canadian and United States tax services.
- (f) When there is to be a change in the independent external auditor, review all issues relating to the change to be included in the required notice to securities regulators of such change.
- (g) Review and approve the hiring policies for the Corporation's hiring of employees or former employees of the present and any former independent external auditors.

3) Internal Controls

- (a) Evaluate whether senior management is adequately communicating the importance of internal control to all relevant personnel.
- (b) Periodically privately consult with the independent external auditor about internal controls and the completeness and accuracy of the Corporation's financial statements. Any significant recommendation made by the independent external auditor for the strengthening of internal controls shall be reviewed and discussed with senior management.
- (c) Review whether the internal control recommendations made by internal auditors and the independent external auditor are being implemented by senior management and, if not, why not.

4) Compliance with Relevant laws and regulations

- (a) Periodically obtain updates from senior management regarding procedures and processes to ensure compliance with applicable laws and regulations (including but not limited to, securities, tax and environmental matters).
- (b) Review and receive reports from the Corporation's Disclosure Committee.
- (c) Monitor and approve the Corporation's Disclosure Policy.

5) Other Responsibilities

- (a) Review policies and procedures with respect to officers' and directors' expense accounts and perquisites, including the use of corporate assets.
- (b) As requested by the Board;
 - (i) review the financial risks arising from the Corporation's exposure to such things as interest rates, credit, insurance programs, remittances, assessments, tax policies and planning initiatives and government audits and report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the business of the Corporation.
- (c) Review the procedures established for the receipt, retention, and treatment of complaints received by the Corporation of concerns regarding accounting, internal

accounting controls, auditing or code of conduct matters and resolution of such concerns, if any.

- (d) Review the procedures established allowing the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters and resolution of such concerns, if any.
- (e) Review with the Board, any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements and the performance and independence of the Corporation's independent external auditors.
- (f) Review and/or approve other financial matters delegated specifically to it by the Board.

PROCEDURE GOVERNING ERRORS OR MISTATEMENTS IN THE FINANCIAL STATEMENTS

In the event a Director of the Corporation has reason to believe, after discussion with management, that a material error or misstatement exists in the Corporation's financial statements, that Director shall forthwith notify the Committee and the independent external auditor of the error or misstatement of which the Director becomes aware in a financial statement that the independent external auditor or a former independent external auditor has reported on.

If the independent external auditor or a former independent external auditor of the Corporation is notified or becomes aware of an error or misstatement in a financial statement on which the auditor or former auditor has reported, and if in the auditor's or former auditor's opinion the error or misstatement is material, the auditor or former auditor shall inform the Board and/or Committee accordingly.

When the Committee or the Board is made aware of an error or misstatement in a financial statement the Board shall prepare and issue revised financial statements or otherwise inform the shareholders and file such revised financial statements as required.

LIMITATION ON COMMITTEE MEMBERS' DUTIES

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard required by law. The purposes and responsibilities outlined in this charter are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards it deems necessary from time to time to fulfill its responsibilities.