

ARAWAK ENERGY LIMITED

Terms of Reference
Reserves Committee of the Board of Directors of
Arawak Energy Limited

Adopted on May 7, 2008

The Reserves Committee (the "Committee") of the board of directors (the "Board") of Arawak Energy Limited (the "Company") shall have the oversight responsibility, authority and specific duties as described below.

COMPOSITION

The Committee will be comprised of three or more directors as determined by the Board. A majority of the members of the Committee shall satisfy the independence requirements of applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. In particular, a majority of the members of the Committee shall have no direct or indirect relationship with the Company which could reasonably be seen to interfere with the member's independent judgment. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board and shall be reviewed at least annually.

Members of the Committee shall be appointed from time to time by the Board. Each member shall serve until his successor is appointed, unless he shall resign or be removed by the Board or he shall otherwise cease to be a director of the Company. The Board shall fill any vacancy if the membership of the Committee is less than three directors.

The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership.

OPERATION

The Committee shall have access to the Company's independent qualified reserves evaluator(s) and to such officers and employees of the Company and to such information respecting the Company as it considers to be necessary or advisable in order to perform its duties and responsibilities. The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any such counsel and advisors, such engagement to be for the Company's sole account and expense.

Meetings of the Committee shall be conducted as follows:

1. The Committee shall meet at least annually at such times and at such locations as the Chair of the Committee shall determine.
2. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.
3. The Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting.

4. Every question at a Committee meeting shall be decided by a majority of the votes cast.
5. The Chief Executive Officer of the Company shall be available to advise the Committee, and may attend meetings at the invitation of the Chair of the Committee. Other management representatives may be invited to attend.
6. A Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.
7. The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

SPECIFIC DUTIES

1. Reviewing the Company's procedures relating to the disclosure of information with respect to oil and gas activities.
2. Reviewing the Company's procedures for providing information to the qualified reserves evaluator or auditor who reports on reserves data.
3. Review annually the terms of engagement of the independent qualified reserves evaluator(s), including the appropriateness and reasonableness of the fees of the independent qualified reserves evaluator(s), and make a recommendation to the Board as to the compensation of the independent qualified reserves evaluator(s).
4. Meeting with management and the qualified reserves evaluator or auditor to review the reserves data and the report of the qualified reserves evaluator or auditor and to determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation.
5. Reviewing and recommending to the Board for approval the content and filing of the Company's annual statement of reserves data and other oil and gas information.
6. Reviewing and recommending to the Board for approval the filing of the annual report on reserves data by the qualified reserves evaluator or auditor.
7. Reviewing and recommending to the Board for approval the content and filing of the Company's annual report of management and directors on oil and gas disclosure; and in respect of matters within the Reserves Committee's purview and delegation, assisting the Board in its oversight of the Company's compliance with legal and regulatory requirements.
8. Perform any other activities consistent with this mandate and, generally, governing laws as the Committee or the Board deems necessary or appropriate.