

## **Enterra Energy Audit Committee Mandate**

### **I. Role and Objective**

The Audit Committee (the “Committee”) is a committee of the Board of Directors (“the Board”) of Enterra Energy Corp. (the “Company”), the administrator to Enterra Energy Trust (the “Trust”), to which the Board has delegated its responsibility for oversight of the financial reporting process and recommending, for Board approval, the financial statements and other mandatory disclosure releases containing financial information.

The objectives of the Committee, with respect to the Company and the Trust (collectively referred to as “Enterra”), are as follows:

- (1) To oversee the credibility, integrity and objectivity of the financial reporting process;
- (2) To assist the Board in meeting its responsibilities in respect of the preparation and disclosure of the financial statements of Enterra and related matters;
- (3) To monitor the independence and performance of the external auditors;
- (4) To provide better communication between directors and external auditors;
- (5) To strengthen the role of non-management directors by facilitating in-depth discussions among directors on the Committee, management and the external auditors.

### **II. Mandate and Responsibilities of the Committee**

#### **Review Procedures**

- (1) It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Company’s internal control systems:
  - (a) identification, monitoring and mitigating controlling, material business risks;
  - (b) ensuring compliance with legal, ethical and regulatory requirements;
- (2) It is a primary responsibility of the Committee to review the quarterly and annual financial statements of Enterra prior to their submission to the Board for approval. The process should include but not be limited to:
  - (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years’ financial statements;
  - (b) reviewing significant accruals, reserves or other estimates such as the impairment calculation;
  - (c) reviewing the accounting treatment of unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan agreements and the Trust Indenture;
  - (e) reviewing the adequacy of the asset retirement obligations;
  - (f) reviewing disclosure requirements for commitments and contingencies;
  - (g) obtaining reasonable explanations of significant variances with comparable reporting periods;
  - (h) determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;
  - (i) reviewing adjustments raised by external auditors, whether or not included in the financial statements; and

- (j) reviewing unresolved differences between management and the external auditors, if any.
- (3) The Committee is to review and recommend for Board approval of financial statements and related information included in prospectuses, management discussion and analysis, information circular-proxy statements and annual information forms, prior to filing or public disclosure.
- (4) The Committee is to discuss all public disclosure containing audited or unaudited financial information such as press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, before release.
- (5) The Committee is to review with the external auditors (and internal auditors, if any) their assessment of the integrity of the Company's financial reporting process and controls, their written reports containing recommendation for improvement, and management's response and follow-up to any identified weaknesses.
- (6) The Committee is responsible for satisfying itself that adequate procedures are in place for the review of the public disclosure of financial information of Enterra from its financial statements and periodically assess the adequacy of those procedures.

**Internal Auditors (if any)**

- (7) Review the annual audit plans of the internal auditors.
- (8) Review the significant findings prepared by the internal auditors and recommendations issued by any external party relating to internal audit issues, together with management's response thereto.
- (9) Review the adequacy of the resources of the internal auditors to ensure the objectivity and independence of the internal audit function.
- (10) Consult with management on management's appointment, replacement, reassignment or dismissal of the internal auditors.
- (11) Ensure that the internal auditors have access to the Chair, the Chair of the Board and the CEO.

**External Auditors**

- (12) With respect to the appointment of external auditors by the Board, the Committee shall:
  - (a) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and their fee;
  - (b) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fee;
  - (c) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' reports or performing other audit, review or attest services for the Company including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (d) review and pre-approve any non-audit services to be provided by external auditors' firm and consider the impact to the independence of the auditors; and
  - (e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
- (13) The Committee shall also review annually with the external auditor and their plan for the audit and, upon completion of the audit, their reports upon the financial statements of Enterra.

**Other**

- (14) Establish procedures independent of management for:

- (a) The receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls, or auditing matters; and
  - (b) The confidential, anonymous submission by employees of the Trust of concerns regarding questionable accounting or auditing matters.
- (15) Review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.
  - (16) Review and discuss with the CEO, CFO, and the external auditors, the matters required to be reviewed with those persons in connection with any certificates required by applicable laws, regulations or stock exchange requirements to be provided by the CEO and CFO.
  - (17) Review and discuss major issues regarding accounting principles and financial statement presentations, including any significant changes in the Trust's selection or application of accounting principles.
  - (18) Review and discuss the type and presentation of information to be included in earnings press releases, paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information.
  - (19) Review and discuss with management the minutes of all meetings with the Company's Disclosure Committee upon request.
  - (20) Review any other matters required by law, regulation or stock exchange requirement, or that the Committee feels are important to its mandate or that the Board chooses to delegate to it.

### III. Composition

- (1) This Committee shall be composed of at least three individuals as determined by the Board from amongst its members, each of whom will be independent (within the meaning of Multilateral Instrument 52-110 *Audit Committee* of the Canadian Securities Administrators) unless the Board determines to rely on an exemption in NI 52-110. )
- (2) The Secretary to the Board or another individual as selected by the Committee shall act as Secretary to the Committee;
- (3) A quorum shall be a majority of the members of the Committee;
- (4) All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the financial statements of Enterra. In addition, at least one member of the Committee must have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment.

### IV. Meetings

- (1) The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee should meet at least annually with management, internal auditors (if any) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the external auditors and management quarterly to review the financials. The Committee should also meet with management and the external auditors on an annual basis to review and discuss the annual financial statements and the management's discussion and analysis of the financial conditions and results of operations.
- (2) Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.
- (3) The Committee shall ensure that minutes are prepared for each meeting of the Committee.

- (4) The CEO and CFO or their designate shall be available to attend at all meetings of the Committee upon invitation by the Committee.
- (5) The Controller & Treasurer and such other employees as appropriate shall be available to attend and/or to provide information to the Committee upon invitation by the Committee.

**V. Reporting Obligations and Authority**

- (1) Periodically, the Committee will provide a report to the Board of the material matters discussed and material resolutions passed at the Committee meeting. Minutes of the Committee meeting will be provided to all Board members upon request.
- (2) Supporting schedules and information reviewed by the Committee shall be available for examination by any Director upon request.
- (3) The Committee shall have the authority to investigate any financial activity of Enterra and to communicate directly with internal (if any) and external auditors. All employees are to cooperate as requested by the Committee.
- (4) The Committee may retain and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice, including the engagement of independent counsel and other advisors, to assist in fulfilling its duties and responsibilities at the expense of the Company.

*Amended Audit Committee Mandate was approved by the Board on December 12, 2006.*