

**MANDATE AND TERMS OF REFERENCE  
OF THE  
AUDIT COMMITTEE**

**Role and Objective**

The board of directors (the "**Board**") of Hammerhead Energy Inc. (the "**Corporation**") hereby establishes a committee of the Board to be called the Audit Committee (the "**Committee**"), to which the Board has delegated its responsibility for: (i) oversight of the nature and scope of the annual audit; (ii) oversight of the Corporation's management reporting on internal accounting standards and practices; (iii) review of the adequacy of the Corporation's financial information and accounting systems and procedures; (iii) financial reporting and statements; and (iv) recommending, for Board approval, the interim and annual audited financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. to assist directors of the Corporation ("**Directors**") meet their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. to facilitate communication between Directors and registered public accounting firms (the "external auditors");
3. to enhance the external auditor's independence;
4. to review the credibility and objectivity of the Corporation's financial reports; and
5. to facilitate discussions and communication between Directors on the Committee, management and the external auditor.

**Membership of the Committee**

1. The Committee shall be comprised of at least three (3) directors of the Corporation, none of whom are members of management of the Corporation and all of whom are "independent" (as such term is used in National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), (as amended from time to time), in Rule 10A-3(b)(1) under the U.S. Securities Exchange Act of 1934, as amended and in NASDAQ Rule 5605(a)(2)).
2. The Board, from time to time, shall appoint the Chair of the Committee and other members of the Committee. In addition, at least one member of the Committee will have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
3. All of the members of the Committee must be "financially literate" (as defined in NI 52-110).
4. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and

whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

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

The Committee shall be responsible for:

1. overseeing the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting;
2. satisfying itself on behalf of the Board with respect to the Corporation's internal control systems, including:
  - a. identifying, monitoring and mitigating business risks;
  - b. monitoring compliance with legal, ethical and regulatory requirements including the certification process;
  - c. reviewing the Corporation's process for testing its internal controls;
  - d. reviewing the external auditor's (and internal auditor if one is appointed by the Corporation) assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses;
3. reviewing the annual and interim financial statements of the Corporation and the notes thereto, prior to their submission to the Board for approval. The process should include but not be limited to:
  - a. reviewing the appropriateness of significant accounting principles and any changes in accounting principles;
  - b. reviewing significant accruals, reserves or other estimates such as the ceiling test calculation and reserves with respect to environmental matters, impairment and asset retirement obligations;
  - c. reviewing non-recurring transactions;
  - d. reviewing the accounting treatment of unusual or non-recurring transactions;
  - e. reviewing and ascertaining compliance with covenants under loan agreements;
  - f. reviewing disclosure requirements for commitments and contingencies;
  - g. reviewing adjustments raised by the external auditor, whether or not included in the financial statements;
  - h. reviewing unresolved differences or disagreements between management and the external auditor;
  - i. reviewing the Corporation's risk assessment and risk management policies and procedures including hedging policies, litigation matters, and insurance program; and

- j. obtaining explanations of significant variances with comparative reporting periods;
4. reviewing the financial statements, prospectuses, management discussion and analysis ("MD&A"), annual information forms ("AIF"), 20Fs, business acquisition reports, annual reports, annual and interim profit or loss releases, and all public disclosure containing audited or unaudited financial information before public release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, including prospectuses, AIFs and business acquisition reports, other than the public disclosures referred to in subsection (3), prior to their public release, and must periodically assess the adequacy and accuracy of those procedures;
  5. reviewing the Corporation's policies and procedures for making and updating disclosures on the Corporation's website and shall periodically assess the adequacy and accuracy of such policies and procedures;
  6. with respect to the appointment of external auditors by the Board, the Committee shall:
    - a. be directly responsible for the appointment, compensation, retention and oversight of the work of any external auditors engaged for the purpose of preparing or issuing an auditor report or performing other audit, review or attest services for the Corporation, and each such external auditor must report directly to the Committee;
    - b. ensure the auditor's ultimate accountability to the Committee as representatives of the shareholders and as such representatives, to evaluate the performance of the auditor;
    - c. ensure the auditor's ultimate accountability to the Board and the Committee as representatives of the shareholders and as such representatives, to evaluate the performance of the auditor;
    - d. 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;
    - e. review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors;
    - f. ensure that the auditor submits on a periodic basis to the Committee, a formal written statement delineating all relationships between the auditor and the Corporation, consistent with Canadian and other applicable auditor independence standards, and to review such statement and to actively engage in a dialogue with the auditor with respect to any undisclosed relationships or services that may impact on the objectivity and independence of the auditor, and to review the statement and dialogue with the Board and recommend to the Board appropriate action to ensure the independence of the auditor;
    - g. provide a line of communication between the auditors and the Board; and
    - h. meet with the auditors at least once per quarter without management present to allow a candid discussion regarding any concerns the auditors may have and to resolve any disagreements between the auditor and management regarding the Corporation's financial reporting;

7. reviewing with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses;
8. reviewing with the external auditor their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries;
9. meeting periodically with the external auditor, independent of management. The issues for consideration should include, but are not limited to:
  - a. obtain feedback on competencies, skill sets and performance of key members of the financial reporting team;
  - b. enquire as to significant differences from prior year period audits or reviews;
  - c. enquire as to transactions accounted for in an acceptable manner but not a basis which, in the opinion of the external auditor was not the preferable accounting treatment;
  - d. enquire as to any differences between management and the external auditor;
  - e. enquire as to material differences in accounting policies, disclosures or presentation from prior periods;
  - f. enquire as to deficiencies in internal controls identified in the course of the performance of the procedures by the external auditor; and
  - g. enquire as to any other matters or observations that the external auditor would like to bring to the attention of the Committee;
10. pre-approving all non-audit services to be provided to the Corporation or its subsidiaries by the external auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting following such pre-approval and the member(s) comply with such other policies and procedures as may be established by the Committee from time to time;
11. reviewing the Corporation's enterprise risk assessment and risk management system including risk management policies and procedures (i.e. hedging, litigation, climate change and insurance) and report to the Board with respect to risk assessment process and the appropriateness of risk management policies and procedures in managing risk. While the Committee reviews such policies and procedures, the oversight of the actual enterprise risks is retained by the Board;
12. overseeing the Corporation's cybersecurity policies and procedures and regularly receive reports from management on its activities to protect the Corporation from cybersecurity risks;
13. establishing procedures for and, if desired, also engage an independent service provider to assist with:
  - a. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

- b. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, including the resolution of any such complaints or concerns by Management or, if warranted, by the Board;
- 14. reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- 15. having the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee;
- 16. reviewing all related party transactions (as defined by applicable regulations) and ensure the nature and extent of such transactions are properly disclosed;
- 17. reviewing the status of taxation matters of the Corporation and its major subsidiaries;
- 18. reviewing the short term investment strategies respecting the cash balance of the Corporation;
- 19. having the authority to engage independent counsel and other advisers, as the Committee determines necessary to carry out its duties; and
- 20. conducting or undertaking such other duties as may be required from time to time by any applicable regulatory authorities, including the TSX and NASDAQ.

#### **Meetings and Administrative Matters**

- 1. 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.
- 2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
- 3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
- 4. Meetings of the Committee should be scheduled to take place at least four times per year and at such other times as the Chair of the Committee may determine. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
- 5. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair. The Committee may invite such other officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
- 6. Minutes of all meetings of the Committee shall be taken and shall be made available to the Board. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.

7. The Committee shall meet with the external auditors at least quarterly (including without management present) and at such other times as the external auditors and the Committee consider appropriate.
8. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation without any further approval of the Board.
9. The external auditors of the Corporation are entitled to receive notice of every meeting of the Committee and be heard thereat.
10. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Chair of the Committee.

### **Funding**

1. The Corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:
  - a. compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
  - b. compensation to any independent counsel and other advisers employed by the Committee as the Committee determines necessary to carry out its duties; and
  - c. ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

*Approved by the Board of Directors on February 23, 2023.*