

TOTAL ENERGY SERVICES INC.

AUDIT COMMITTEE CHARTER

1. Establishment of Audit Committee

The board of directors (the "Board") of Total Energy Services Inc. ("Total Energy") hereby establishes a committee to be called the Audit Committee.

2. Composition of Audit Committee

The membership of the Audit Committee shall be as follows:

- (a) The Audit Committee shall be composed of not less than three members or such greater number as the Board may from time to time determine.
- (b) All members of the Audit Committee shall be independent within the meaning set forth under Multilateral Instrument 52-110 *Audit Committees* as amended from time to time ("MI 52-110"). Currently, a member of the Audit Committee is independent if the member has no direct or indirect material relationship with Total Energy. A "material relationship" means a relationship, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (c) Each member of the Audit Committee shall be financially literate within the meaning set forth under MI 52-110. Currently, "financially literate" means the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably be expected to be raised by Total Energy's financial statements. An Audit Committee member who is not financially literate may be appointed to the Audit Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment.
- (d) Members shall be appointed annually by the Board from among directors of Total Energy. The Chair of the Audit Committee shall be appointed by the Board. A member of the Audit Committee shall *ipso facto* cease to be a member of the Audit Committee upon ceasing to be a director of Total Energy.

3. Relationship with External Auditors

The Audit Committee shall advise the external auditors of their accountability to the Audit Committee and the Board as representatives of the shareholders of Total Energy to whom the external auditors are ultimately accountable. The external auditors of Total Energy shall report directly to the Audit Committee.

4. Duties and Responsibilities of Audit Committee

Subject to the powers and duties of the Board and in addition to any other duties and responsibilities assigned to the Audit Committee from time to time by the Board, the Audit Committee shall have the following duties and responsibilities:

Financial Statements and Other Financial Information

- (a) The primary responsibility of the Audit Committee shall be to assist the Board in the proper discharge of its duties and responsibilities to Total Energy relating to the review of:
- (i) Total Energy's financial statements;
 - (ii) any other financial information relating to Total Energy to be provided to shareholders; and
 - (iii) all audit processes.

The Audit Committee shall also be responsible for ensuring its compliance with all of the applicable requirements of MI 52-110 and for reporting any non-compliance with such requirements to the Board, including the reasons for such non-compliance.

- (b) The Audit Committee shall be responsible for reviewing Total Energy's financial statements, management's discussion and analysis and annual and interim earnings press releases before Total Energy publicly discloses this information. The Audit Committee shall recommend for approval to the Board, Total Energy's audited annual financial statements, related management's discussion and analysis and annual earnings press releases. The Audit Committee shall recommend for approval to the Board, Total Energy's interim financial statements and related management's discussion and analysis and interim earnings press releases.
- (c) The Audit Committee shall be responsible for ensuring that adequate procedures are in place for the review of Total Energy's public disclosure of financial information extracted or derived from Total Energy's financial statements, other than the public disclosure referred to in paragraph (b) above and must periodically assess the adequacy of those procedures.
- (d) The Audit Committee shall be responsible for establishing procedures for:
- (i) the receipt, retention and treatment of complaints received by Total Energy regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of Total Energy or other subsidiaries of Total Energy of concerns regarding questionable accounting or auditing matters.
- (e) The Audit Committee shall review with the external auditors of Total Energy:
- (i) the scope of the audit;
 - (ii) significant changes to Total Energy's accounting principles, practices or policies;
 - (iii) new or pending developments in accounting principles, reporting matters or industry practices which may materially affect Total Energy; and

- (iv) the quality of Total Energy's accounting principles, practices or policies as applied in Total Energy's financial statements in terms of disclosure quality and evaluation methods, including the degree of conservatism or aggressiveness of such accounting principles, practices or policies and the underlying estimates and other significant decisions made by management of Total Energy in preparing Total Energy's financial statements.
- (f) The Audit Committee shall review with the external auditors of Total Energy and/or management of Total Energy the results of the annual audit, and make appropriate recommendations to the Board having regard to, among other things:
 - (i) the financial statements;
 - (ii) management's discussion and analysis and related financial disclosure contained in continuous disclosure documents;
 - (iii) significant changes, if any, to the initial audit plan;
 - (iv) accounting and reporting decisions relating to significant current year events and transactions;
 - (v) the management letter, if any, outlining the external auditors' findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
 - (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under generally accepted auditing standards.
- (g) The Audit Committee shall review with management of Total Energy and the external auditors of Total Energy, the interim financial statements and any other matters relating thereto.

External Auditors

- (h) The Audit Committee must recommend to the Board:
 - (i) the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Total Energy; and
 - (ii) the compensation of the external auditors.
- (i) The Audit Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Total Energy, including the resolution of disagreements between management of Total Energy and the external auditors regarding financial reporting.

Pre-Approval of Non-Audit Services

- (j) The Audit Committee shall be responsible for pre-approving all non-audit services to be provided to Total Energy or its subsidiaries by Total Energy's external auditors. The Audit Committee shall adopt specific policies and procedures for the engagement of non-audit services and any pre-approval policies and procedures shall be detailed as to the particular service and require that the Audit Committee be informed of each non-audit service. Such policies and procedures shall not include delegation of the Audit Committee's responsibilities to management of Total Energy. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services. The pre-approval of non-audit services by any member of the Audit Committee to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

Reporting Obligations

- (k) The Audit Committee shall be responsible for reviewing the disclosure contained in Total Energy's annual information form as required by Form 52-110F1 *Audit Committee Information Required in an AIF* attached to MI 52-110. If management of Total Energy solicits proxies from shareholders of Total Energy for the purpose of recommending persons to be elected as directors of Total Energy, the Audit Committee shall be responsible for ensuring that Total Energy's information circular includes a cross-reference to the sections in Total Energy's annual information form that contain the information required by Form 52-110F1.

Auditor Oversight and Independence

- (l) The Audit Committee shall be responsible for:
 - (i) ensuring compliance by Total Energy's external auditors with the requirements set forth in National Instrument 52-108 *Auditor Oversight*;
 - (ii) ensuring that Total Energy's external auditors are participants in good standing with the Canadian Public Accountability Board ("CPAB") and participate in the oversight programs established by the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to Total Energy's annual audited financial statements; and
 - (iii) obtaining from the external auditors of Total Energy a formal written statement describing in detail all of the relationships between the external auditors and Total Energy, determining whether the non-audit services performed by the external auditors during the year have impacted their independence, ensuring that no relationship between the external auditors and Total Energy exists which may affect the independence of the external auditors and taking appropriate action to ensure the independence of the external auditors.

Authority of the Audit Committee

- (m) The Audit Committee shall have the authority:

- (i) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (ii) to set and pay the compensation for any advisors employed by the Audit Committee; and
- (iii) to communicate directly with the internal (if any) and external auditors of Total Energy.

Internal Controls, Information Systems and Risk Management

- (n) The Audit Committee shall review with the external auditors of Total Energy the adequacy of internal control procedures and management information systems and make inquiries to management of Total Energy and the external auditors of Total Energy about significant risks and exposures to Total Energy that may have a material adverse impact on Total Energy's financial statements and about the efforts of the management of Total Energy to mitigate such risks and exposures.

Supervision of Certification of Annual Filings and Interim Filings

- (o) The Audit Committee shall be responsible for supervising the preparation and filing of each annual certificate in Form 52-109F1 and each interim certificate in Form 52-109F2 to be signed by each of the Chief Executive Officer and Chief Financial Officer of Total Energy in accordance with the requirements set forth under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as amended from time to time ("MI 52-109"). These certificates require each of the Chief Executive Officer and the Chief Financial Officer of Total Energy to certify, among other things, that, based on their knowledge:
 - (i) the annual filings and interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the annual filings or interim filings; and
 - (ii) the annual financial statements and the interim financial statements of Total Energy, together with the other financial information included in the annual filings or interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of Total Energy as of the date and for the periods presented in the annual filings or interim filings.
- (p) The Audit Committee is responsible for ensuring that management of Total Energy establishes and maintains disclosure controls and procedures for Total Energy that are designed to provide reasonable assurance that material information relating to Total Energy, including its consolidated subsidiaries, is made known to management of Total Energy by others within those entities, particularly during the period in which the annual filings or interim filings are being prepared and that management of Total Energy establishes and maintains internal control over financial reporting for Total Energy that has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Total Energy's generally accepted accounting principles. In respect of annual filings

only, the Audit Committee is also responsible for ensuring that management of Total Energy evaluates the effectiveness of Total Energy's disclosure controls and procedures as of the end of the period covered by the annual filings and has caused Total Energy to disclose in the annual management's discussion and analysis its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under MI 52-109.

- (q) The Audit Committee is also responsible for monitoring any changes in Total Energy's internal control over financial reporting and for ensuring that any change that occurred during Total Energy's most recent interim period that has materially affected, or is reasonably likely to materially affect, Total Energy's internal control over financial reporting is disclosed in Total Energy's annual management's discussion and analysis.

Other

- (r) The Audit Committee must review and approve Total Energy's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of Total Energy.
- (s) The Audit Committee shall monitor policies and procedures relating to directors' and officers' expenses and the reimbursement thereof and relating to any prerequisites paid to directors and officers.

5. Administrative Matters

The following general provisions shall have application to the Audit Committee:

- (a) A quorum of the Audit Committee shall be the attendance of a majority of members thereof present in person or by telephone. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of the Audit Committee. Meetings of the Audit Committee shall be held at least quarterly and more often as the Chair of the Audit Committee may determine or upon the request of the Board, a member of the Audit Committee, an officer of Total Energy or the external auditors of Total Energy.
- (b) Any member of the Audit Committee may be removed or replaced at any time by resolution of the Board. The Board, upon recommendation of the Nominating Committee, may fill vacancies on the Audit Committee by appointment from among the members of the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders of Total Energy next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed. Any member of the Board who has served as a member of the Audit Committee may be re-appointed as a member of the Audit Committee following the expiration of his or her term.

- (c) The Audit Committee may invite such officers, directors and employees of Total Energy and its subsidiaries as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The external auditors of Total Energy shall appear before the Audit Committee when requested to do so by the Audit Committee. The Audit Committee shall meet with the external auditors of Total Energy independent of management of Total Energy at least annually and at such other times as the Chair of the Audit Committee may determine or upon the request of a member of the Audit Committee or the external auditors of Total Energy.
- (d) The time at which and the place where the meetings of the Audit Committee shall be held, the calling of meetings and the procedure at such meetings shall be determined by the Audit Committee, having regard to the by-laws of Total Energy. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee and to the external auditors of Total Energy who shall be entitled to attend and to be heard at each meeting of the Audit Committee. A meeting of the Audit Committee may be held at any time without notice if all of the members are present or, if any members are absent, those absent have waived notice or otherwise signified their consent in writing to the meeting being held in their absence.
- (e) The Chair shall preside at all meetings of the Audit Committee. In the absence of the Chair, the other members of the Audit Committee shall appoint one of their members to act as Chair for the particular meeting.
- (f) The Audit Committee shall report to the Board on such matters and questions relating to the financial position of Total Energy and its subsidiaries as the Board may from time to time refer to the Audit Committee.
- (g) The members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of Total Energy and its subsidiaries and to discuss such books and records that are in any way related to the financial position of Total Energy and its subsidiaries with the officers, directors and employees of Total Energy and its subsidiaries and with the external auditor of Total Energy.
- (h) The Chair of each meeting of the Audit Committee shall appoint a person to act as recording secretary to keep the minutes of the meeting. The recording secretary need not be a member of the Audit Committee.
- (i) Minutes of the Audit Committee will be recorded and maintained and signed by the Chair and the secretary of the meeting. The Chair of the Audit Committee will report to the Board on the activities of the Audit Committee and/or the minutes will promptly be circulated to the members of the Board who are not members of the Audit Committee or otherwise made available at the next meeting of the Board.

Unless the Audit Committee has been provided with express instructions from the Board, the Audit Committee shall function primarily to make assessments and determinations with respect to the purposes mandated herein and its decisions shall serve as recommendations for consideration by the Board.