

BELLATRIX EXPLORATION LTD.

AUDIT COMMITTEE

MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Bellatrix Exploration Ltd. ("**Bellatrix**" or the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the following:

1. the nature and scope of the annual audit;
2. the oversight of management's reporting on internal accounting standards and practices;
3. the review of financial information, accounting systems and procedures including internal control over financial reporting;
4. the Corporation's compliance with legal and regulatory requirements;
5. the performance of the Corporation's internal audit function, if any;
6. the qualifications, independence and performance of the Corporation's external auditors; and
7. the quality and integrity of the Corporation's financial reporting and financial statements,

and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors of Bellatrix ("**Directors**") in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To oversee the accounting and financial reporting processes of Bellatrix and the audits of Bellatrix's financial statements;
3. To provide better communication between Directors and external auditors;
4. To review and enhance the external auditors' independence;
5. To increase the credibility and objectivity of financial reports; and
6. To strengthen the role of the outside Directors by facilitating in depth discussions between Directors on the Committee, management of Bellatrix ("**Management**") and external auditors.

The Committee, in its capacity as a committee of the Board and subject to the rights of shareholders of Bellatrix and applicable law, is directly responsible for overseeing the relationship of the external auditors with Bellatrix, including the appointment, termination, compensation, retention and oversight of the work of the external auditors engaged by Bellatrix (including resolution of disagreements or disputes between

Management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Bellatrix.

The external auditors will report directly to the Committee.

Membership of Committee

1. The Committee will be comprised of at least three (3) Directors or such greater number as the Board may determine from time to time and all members of the Committee shall qualify as independent for purposes of (a) National Instrument 52-110 — *Audit Committees* ("**NI 52-110**") (unless the Board determines that an exemption contained in NI 52-110 is available and determines to rely thereon); (b) the rules of the New York Stock Exchange; and (c) Rule 10A-3 ("**Rule 10A-3**") under the United States *Securities Exchange Act of 1934*, as amended, (the "**1934 Act**") (unless the Board determines that an exemption contained in Rule 10A-3 is available and determines to rely thereon).
2. No member of the Committee shall have participated in the preparation of the financial statements of Bellatrix or any current subsidiary of Bellatrix at any time during the prior three years.
3. At least one member of the Committee shall be an "audit committee financial expert" within the meaning of that term under the 1934 Act and the rules adopted by the United States Securities and Exchange Commission (the "**SEC**") thereunder, unless the Board determines that the Committee shall not include an audit committee financial expert and provides the necessary disclosure with respect to such determination as required under the 1934 Act and the rules of the SEC thereunder. If at least one member of the Committee is not determined to be an audit committee financial expert then at least one member of the Committee shall have accounting or related financial management expertise, as determined by the Board in this business judgment.
4. The Board may from time to time designate one of the members of the Committee to be the Chair of the Committee.
5. All of the members of the Committee must be financially literate, as such qualification is interpreted by the Board, and have the ability to read and understand a set of financial statements, including a balance sheet, income statement, and cash flow statement (or such other comparable statements as are required under generally accepted accounting principles), that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bellatrix's financial statements, and shall meet any other financial literacy requirements for audit committee members that may be imposed from time to time under Canadian or United States securities laws or any applicable stock exchange rules, unless the Board determines that an exemption from such requirements in respect of any particular member is available and determines to rely thereon.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors;
2. Satisfy itself on behalf of the Board with respect to Bellatrix's internal control systems identifying, monitoring and mitigating business risks; and ensuring compliance with legal, ethical and regulatory requirements;

3. Review and discuss with Management all significant commitments and business risks related to such commitments including, without limitation, commitments associated with farm-in agreements, joint-venture agreements, leases, marketing or transportation arrangements or agreements and all other operational or land agreements, contracts or arrangements;
4. Review and discuss with Management and the external auditors the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval and inclusion in securities law filings. The process should include but not be limited to:
 - (a) reviewing changes in accounting principles and policies, 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 significant estimates;
 - (c) reviewing accounting treatment of unusual or non-recurring transactions;
 - (d) ascertaining compliance with covenants under loan agreements;
 - (e) reviewing disclosure requirements for commitments and contingencies;
 - (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (g) reviewing unresolved differences between Management and the external auditors;
 - (h) reviewing the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation; and
 - (i) obtaining explanations of significant variances with comparative reporting periods;
5. Review the financial statements, prospectuses, MD&A, annual information forms ("**AIF**"), annual reports filed with the SEC, and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee shall meet to review and discuss the financial statements and MD&A with Management and the external auditor. The Committee must be satisfied that adequate procedures are in place for the review of Bellatrix's disclosure of all other financial information and will periodically assess the accuracy of those procedures;
6. Review and discuss earnings releases, as well as financial information and earnings guidance provided by the Corporation to analysts and rating agencies. Such discussion may be done generally, such as discussing the types of information to be disclosed and the type of presentation to be made. The Committee shall pay particular attention to any use of "pro forma" or "adjusted" non-GAAP information.
7. Meet with the external auditors annually prior to commencement of the audit to discuss planning and staffing of the audit;
8. At least annually, obtain and review a report by the external auditors describing: such auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-

- control review, or peer review, of such 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 such external auditors, and any steps taken to deal with any such issues; and (to assess the external auditors' independence) all relationships between the external auditors and the Corporation;
9. Review analyses prepared by Management and/or the external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 10. On an annual basis, review and discuss with the external auditors all relationships such auditors have with Bellatrix and its affiliates in order to determine the auditors' independence, including without limitation:
 - (a) requesting, receiving and reviewing, on a periodic basis but at least annually, a formal written statement, consistent with applicable accounting standards, from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to Bellatrix;
 - (b) discussing with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors; and
 - (c) taking, or recommending that the Board take, appropriate action to oversee the independence of the external auditors and to take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;
 11. 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;
 12. Review and discuss a report from the external auditors, at a minimum once quarterly and generally in conjunction with the review of any audit or review report prepared by the external auditors with respect to the annual or interim financial statements of the Corporation, regarding:
 - (a) all critical accounting policies and practices to be used;
 - (b) all alternative treatments of financial information within applicable generally accepted accounting principles that have been discussed with Management, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and
 - (c) other material written communications between the external auditors and Management, such as any management letter or schedule of unadjusted differences;
 13. Review and pre-approve, subject to any *de minimis* exceptions available under applicable laws, all audit and permitted non-audit services, including the terms thereof and the fees related thereto, to be provided to Bellatrix or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may establish detailed policies and procedures for pre-approval of the provision of audit services and permitted non-audit services by the external auditors. To the extent permitted by applicable laws, the Committee may delegate to one or more independent members of the Committee the authority to pre-approve such audit and

non-audit services, provided (i) that such delegation must be detailed as to the particular service to be provided, (ii) the Committee's responsibilities may not be delegated to Management of Bellatrix, (iii) the applicable member(s) must report to the Committee at the next scheduled meeting such pre-approval, and (iv) such member(s) comply with such other procedures as may be established by the Committee from time to time;

14. Review and discuss with the external auditors any audit problems or difficulties, including any difficulties encountered in the course of the audit work, restrictions on the scope of the external auditors' activities or on access to requested information, any significant disagreements with Management, and Management's response. The review should include discussion of the responsibilities, budget and staffing of the Corporation's internal audit function (if any);
15. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
16. Review with the external auditors the disclosures made to the Committee by Bellatrix's Chief Executive Officer and Chief Financial Officer during their certification process. In particular, the Committee shall review with the Chief Executive Officer, Chief Financial Officer and external auditors: (i) all significant deficiencies and material weaknesses in the design or operation of Bellatrix's internal control over financial reporting that could adversely affect Bellatrix's ability to record, process, summarize and report financial information required to be disclosed by Bellatrix in the reports that it files or submits under any applicable Canadian securities laws or the 1934 Act within the required time periods, and (ii) any fraud, whether or not material, that involves Management or other employees who have a significant role in Bellatrix's internal control over financial reporting;
17. Annually discuss with the external auditors whether they have become aware of any illegal acts in the course of the audit of Bellatrix's financial statements;
18. Review with external auditors (and internal auditor if one is appointed by Bellatrix) their assessment, if any, of the internal controls of Bellatrix, their written reports containing recommendations for improvement, and Management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Bellatrix and its subsidiaries;
19. Review and discuss risk assessment and risk management policies and procedures of the Corporation, including discussing the Corporation's major financial risk exposures and the steps Management has taken to monitor and control such exposures (e.g., hedging, litigation and insurance);
20. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by Bellatrix regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of Bellatrix of concerns regarding questionable accounting or auditing matters;

21. Establish clear hiring policies regarding the hiring by Bellatrix of partners and employees and former partners and employees of the present and former external auditors of the Corporation;
22. Review and evaluate the lead partner of the external auditors;
23. Ensure the rotation of partners on the audit engagement team of the external auditors in accordance with applicable law;
24. Consider whether, in order to assure continuing auditor independence, there should be regular rotation of the external auditors firm;
25. Present its conclusions with respect to the external auditors to the Board;
26. Report regularly to the Board;
27. Review periodically, as determined necessary, the Committee's Mandate and Terms of Reference and recommend to the Board and the Corporate Governance Committee of the Board amendments as the Committee believes are necessary or desirable.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of Bellatrix. All employees of Bellatrix are to cooperate as requested by the Committee.

The Committee may also retain, at the expense of Bellatrix, persons having special expertise and/or obtain independent professional advice, including, without limitation, independent counsel or other advisors, as the Committee determines is necessary in order for the Committee to carry out its duties.

Bellatrix shall provide, without any further approval of the Board required, for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment: (i) of compensation to any external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Bellatrix, (ii) of compensation to any advisors or other persons employed by the Committee; and (iii) of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Meetings and Administrative Matters

1. At all meetings of the Committee every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will 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 quarterly. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer of Bellatrix will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

5. The Committee shall meet with the external auditors at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditors and the Committee consider appropriate. For certainty, the Committee shall meet separately, periodically with the external auditors.
6. The Committee shall meet separately, periodically, with Management and with the internal auditors (if any) or other personnel responsible for the internal audit function (if any).
7. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
8. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
9. Minutes of the Committee will be recorded and maintained and circulated to Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
10. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation as determined by the Committee.
11. Any members of the Committee may be removed or replaced at any time by the Board and will 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 exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee each member will hold such office until the Committee is reconstituted.
12. Any issues arising from these meetings that bear on the relationship between the Board and Management should be communicated to the Chairman of the Board by the Committee Chair.
13. The performance of the Committee shall be evaluated annually by the Corporate Governance Committee of the Board.

October 6, 2014

SCHEDULE A
DEFINITION OF INDEPENDENT FOR PURPOSES OF
NATIONAL INSTRUMENT 52-110 — *AUDIT COMMITTEES*

As at October 6, 2014

1. Meaning of Independence –

- (a) A director is independent if he or she has no direct or indirect material relationship with the issuer.
- (b) For the purposes of subsection 1(a), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (c) Despite subsection 1(b), the following individuals are considered to have a material relationship with an issuer:
 - (i) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (ii) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (iii) an individual who:
 - (A) is a partner of a firm that is the issuer's internal or external auditor,
 - (B) is an employee of that firm, or
 - (C) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (iv) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (A) is a partner of a firm that is the issuer's internal or external auditor,
 - (B) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (C) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (v) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (vi) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than CDN\$75,000 in direct compensation from the issuer during any 12 month period within the last three years.

- (d) Despite subsection 1(c), an individual will not be considered to have a material relationship with the issuer solely because
 - (i) he or she had a relationship identified in subsection 1(c) if that relationship ended before March 30, 2004; or
 - (ii) he or she had a relationship identified in subsection 1(c) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (e) For the purposes of clauses 1(c)(iii) and 1(c)(iv), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (f) For the purposes of clause 1(c)(vi), direct compensation does not include:
 - (i) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (g) Despite subsection 1(c), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (i) has previously acted as an interim chief executive officer of the issuer, or
 - (ii) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (h) For the purpose of determination of independence, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

2. Additional Independence Requirements —

- (a) Despite any determination made under paragraph 1 above, an individual who
 - (i) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (ii) is an affiliated entity of the issuer or any of its subsidiary entities,is considered to have a material relationship with the issuer.
- (b) For the purposes of subsection 2(a), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

- (i) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (ii) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (c) For the purposes of subsection 2(a), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE B

DEFINITION OF INDEPENDENT FOR PURPOSES OF THE NEW YORK STOCK EXCHANGE

As at October 6, 2014

For purposes of the independence rules of the New York Stock Exchange and this Schedule B, an "independent director" means a director, other than an executive officer or employee of the company, who meets the criteria contained in Section 303A.02 of the New York Stock Exchange Listed Company Manual and set forth in this Schedule B. In particular, no director qualifies as "independent" unless the company's board of directors affirmatively determines that the director has no material relationship with the company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company).

In addition, in affirmatively determining the independence of any director who will serve on the compensation committee of the company's board of directors, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the company to such director; and (B) whether such director is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company.

For certainty, but without limitation, a director is not independent under the rules of the New York Stock Exchange if:

1. The director is, or has been within the last three years, an employee of the company, or an immediate family member is, or has been within the last three years, an executive officer, of the company, other than prior employment as an interim executive officer.
2. The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than US\$120,000 in direct compensation from the company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), other than:
 - (a) Compensation received by a director for former service as an interim Chairman or CEO or other executive officer; and
 - (b) Compensation received by an immediate family member for service as an employee of the company (other than an executive officer).
3. (A) The director is a current partner or employee of a firm that is the company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the company's audit within that time.

4. The director or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the company's present executive officers at the same time serves or served on that company's compensation committee.
5. The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of US\$1 million, or 2% of such other company's consolidated gross revenues.

In the Schedule B, an "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. When applying the look-back provisions contained in the foregoing paragraphs and Section 303A.02(b) of the New York Stock Exchange Listed Company Manual, companies need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

In addition, references in this Schedule B to the "company" include any parent or subsidiary in a consolidated group with the company or such other company as is relevant to any determination under the independence standards set forth in this Schedule B and Section 303A.02(b) of the New York Stock Exchange Listed Company Manual.

SCHEDULE C

DEFINITION OF INDEPENDENT FOR PURPOSES OF RULE 10A-3 UNDER THE UNITED STATES *SECURITIES EXCHANGE ACT OF 1934*

As at October 6, 2014

Additional Independence Requirements for purposes of the Audit Committee - Directors will not be considered independent for purposes of membership on the Audit Committee if:

1. The director is an Affiliate of the company or any subsidiary of the company (other than as a result of being a director of the company or such subsidiary);
2. the director is (i) both a director and an employee of an Affiliate of the company or (ii) an officer, general partner or managing member of an Affiliate of the company;
3. the director or his or her spouse, minor child or stepchild, or child or stepchild sharing a home with the director accepts any consulting, advisory or other compensatory fee from the company or any subsidiary of the company, apart from in his or her capacity as a member of the board or of any other committee of the board, and other fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the company (provided such compensation is not contingent in any way on continued service); or
4. the director is a partner, member, managing director, officer or person occupying a comparable position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the company) of a firm which provides consulting, legal, accounting, investment banking or financial advisory services to the company or any subsidiary of the company for fees, regardless of whether the director personally provided the services for which the fees are paid.

For the purposes of the above, an "Affiliate" of the company is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the company, and includes, without limitation, officers of the company, and subsidiaries and sibling companies of the company. Although the determination of a person or entity's status as an Affiliate requires an analysis of all of the applicable facts and circumstances, a person shall not be deemed to be an "Affiliate" of the company if the person is (a) not the beneficial owner, directly or indirectly of more than 10% of any class of voting equity securities of the company and the person is not an officer of the company.