



**Annual and Special Meeting
of Shareholders to be held on
June 20, 2013**

**NOTICE OF MEETING
and
INFORMATION CIRCULAR**

May 21, 2013

**Kulczyk Oil Ventures Inc. is a public company listed on the
Warsaw Stock Exchange under the trading symbol "KOV".**

**A Polish translation of this Notice of Meeting and Information Circular
is posted on the website of the Corporation (www.kulczykoil.com)**

**Tłumaczenie niniejszego zawiadomienia o zwołaniu Walnego Zgromadzenia
kcjonariuszy oraz tłumaczenie Dokumentu Informacyjnego zostało zamieszczone
na stronie internetowej Spółki (www.kulczykoil.com)**



**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 20, 2013**

NOTICE IS HEREBY GIVEN THAT the annual and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Shares**”) of Kulczyk Oil Ventures Inc. (the “**Corporation**”) will be held at the Presidents Room, Calgary Petroleum Club, 319 5th Avenue SW, Calgary, Alberta, Canada on Thursday, June 20, 2013 at 3:00 p.m. (Mountain Standard Time). The purpose of the Meeting is to:

1. receive the audited financial statements of the Corporation for the year ended December 31, 2012, together with the auditor’s report relating to such financial statements;
2. elect directors of the Corporation to hold office until the next annual meeting;
3. appoint KPMG LLP, Chartered Accountants, as auditor of the Corporation until the next annual meeting and to authorize the directors to fix the auditor’s remuneration;
4. authorize the amendment of the articles of incorporation (“**Articles**”) of the Corporation to provide that the authorized share capital of the Corporation be altered by consolidating all of the issued and outstanding Shares on the basis of one (1) post consolidation Share for every ten (10) pre-consolidation Shares or for such other lesser whole or fractional number of pre-consolidation Shares that the board of directors of the Corporation, in its sole discretion, determines to be appropriate;
5. authorize the amendment of the Articles of the Corporation to effect a change of name of the Corporation from “Kulczyk Oil Ventures Inc.” to “Serinus Energy Inc.” or such other name as may be approved by the board of directors of the Corporation; and
6. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders are referred to the accompanying information circular (the “**Information Circular**”) for the full text of the proposed resolutions and other information with respect to the matters to be considered at the Meeting and for other information respecting the Corporation and procedure of the Meeting.

Only persons registered as Shareholders on the records of the Corporation as of the close of business on May 16, 2013 (the “**Record Date**”) are entitled to receive notice of and to attend and vote at the Meeting or at any adjournment thereof. However, a transferee of Shares acquired after the Record Date may vote such Shares at the Meeting or any adjournment thereof if (a) the transferee produces properly endorsed share certificates evidencing ownership of such Shares or otherwise establishes to the satisfaction of the Corporation that it owns the transferred Shares and (b) requests, not later than 10 days before the Meeting, that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting.

Shareholders may vote in person at the Meeting or any adjournment thereof, or may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place. Shareholders who are unable to be personally present at the Meeting are requested to fill in and sign the form of proxy accompanying this notice and mail it to, or deposit it with, Computershare Trust Company of Canada, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1 or by facsimile at +1-416-263-9524. In order to be valid and acted upon at the Meeting, forms of proxy must be received at the above-noted address not later than 3:00 p.m. Mountain Daylight Time, on Tuesday, June 18, 2013 or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time for the holding of such adjourned meeting. Shareholders are cautioned that the use of the mail to transmit proxies is at each Shareholder’s risk.

If a Shareholder receives more than one instrument of proxy because such Shareholder owns Shares registered in different names and addresses, each instrument of proxy, or other appropriate form of proxy, should be completed and returned.

DATED at Calgary, Alberta, Canada this 21st day of May, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Norman W. Holton"

Norman W. Holton

Vice Chairman

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**INFORMATION CIRCULAR ANNUAL AND SPECIAL
MEETING OF SHAREHOLDERS TO BE
HELD ON JUNE 20, 2013**

GENERAL PROXY INFORMATION

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Kulczyk Oil Ventures Inc. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Shares**”) of the Corporation, and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders (“**Notice of Meeting**”) and in this Information Circular. The Meeting will be held on Thursday, June 20, 2013 at 3:00 p.m. Mountain Daylight Time at the Presidents Room, Calgary Petroleum Club, 319 5th Avenue SW, Calgary, Alberta, Canada. Information contained in this Information Circular is given as of May 21, 2013 unless otherwise stated.

Solicitation of Proxies by Management

The solicitation of proxies is made by, and on behalf of, the management of the Corporation. Solicitation of proxies will be primarily by mail, but may also be by telephone, facsimile, electronic or oral communication by the directors, officers and employees of the Corporation at no additional compensation. No remuneration will be paid to any person for the solicitation of proxies; provided, however, that the Corporation may pay prescribed fees to intermediaries for sending the Notice of Meeting, this Information Circular and the accompanying form of proxy to persons on whose behalf such intermediaries hold Shares. The cost of the solicitation of proxies will be borne by the Corporation.

Record Date

The Corporation has fixed the record date for the Meeting as May 16, 2013 (the “**Record Date**”). Only persons registered as Shareholders on the records of the Corporation at the close of business on the Record Date are entitled to receive notice of and to attend and vote at the Meeting or at any adjournment thereof. However, a transferee of Shares acquired after the Record Date may vote such Shares at the Meeting or any adjournment thereof if (a) the transferee produces a properly endorsed share certificate that evidences the transferee’s ownership of the transferred Shares or otherwise establishes to the satisfaction of the Corporation that the transferee owns the transferred Shares and (b) requests, not later than 10 days before the Meeting, that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting.

Appointment and Revocation of Proxies

Registered Shareholders may vote in person at the Meeting or they may appoint another person as their proxy to attend and vote in their place. **The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. A Shareholder entitled to vote at the Meeting may appoint a person (who need not be a Shareholder) other than the individuals named in the accompanying form of proxy to represent the Shareholder at the Meeting by inserting the name of the desired representative in the blank space provided in the form of proxy or submitting another appropriate proxy.**

Duly completed forms of proxy must be received by Computershare Trust Company of Canada, Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 or by facsimile +1-416-263-9524, by 3:00 p.m. Mountain Standard Time, on Tuesday, June 18, 2013 or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time for the holding of such adjourned meeting.

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise of the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing. If the Shareholder is a corporation, the proxy must be executed under its corporate seal or by an officer or attorney authorized in writing. A proxy must be deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the

Meeting on the day of the Meeting, or any adjournment thereof. Upon the deposit of the proxy, any previously granted proxy is revoked. Beneficial Shareholders (as defined below) who wish to revoke their proxy must arrange for their intermediary or broker to revoke their proxy on their behalf within the time specified by their intermediary or broker.

The registered office of the Corporation is located at Suite 1170, 700 – 4th Avenue S.W., Calgary, Alberta, Canada, T2P 3J4. The Corporation maintains management offices in Calgary at the registered office address, in Dubai, United Arab Emirates at Suite 123, Al Shafar Investment Building, 3rd Interchange, Shaikh Zayed Road and in Poland at Nowogrodzka 18/29, 00-5211 Warsaw.

The foregoing information regarding the appointment and revocation of proxies is generally applicable only to registered Shareholders, being persons recorded as holders of Shares on the register of Shareholders maintained by the Corporation. A significant number of persons who beneficially own Shares hold such Shares in a brokerage account or through some other intermediary. As a result, they will not be registered Shareholders and should refer to the information set forth below under the heading “*Notice to Beneficial Holders of Shares*”.

Exercise of Discretion by Proxyholders

On any vote that may be called for at the Meeting or any adjournment thereof, the proxyholder named in the accompanying form of proxy will vote or withhold from voting the appointing Shareholder’s Shares in accordance with the instructions of the appointing Shareholder. **In the absence of direction, such Shares will be voted FOR each of the matters referred to in the Notice of Meeting and in this Information Circular.**

The accompanying form of proxy also confers discretionary authority on the proxyholder to vote Shares and otherwise act in the proxyholder’s discretion with respect to any amendments or variations to matters identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting or any adjournment thereof. As at the date of this Information Circular, management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and in this Information Circular.

Signing of Proxy

An instrument appointing a proxyholder must be in writing and must be executed by the Shareholder or the Shareholder’s attorney authorized in writing. If the Shareholder is a corporation, the proxy must be executed under its corporate seal, or by an officer or attorney authorized in writing. Any proxy instrument executed by a person acting as attorney, executor, administrator, trustee or in any other representative capacity should indicate that person’s capacity following his or her signature and be accompanied by evidence of his or her qualification and authority to act.

Notice to Beneficial Holders of Shares

The following information is important to a Shareholder that beneficially owns Shares but does not appear on the records of the Corporation as the registered holder thereof (referred to in this Information Circular as a “**Beneficial Shareholder**”). Shares of non-registered Shareholders are typically registered in the name of a broker or other intermediary or in the name of a depository of which the intermediary is a participant, including the Polish National Depository for Securities (the “**NDS**”).

Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Shares will be recognized and acted upon at the Meeting.

Shares listed in an account statement provided to a Shareholder by a broker will, in most cases, not be registered in the Shareholder’s own name on the records of the Corporation. Such Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. The directors and officers of the Corporation do not know for whose benefit Shares registered in the name of brokers or their agents or nominees are held. Without specific instructions, a broker and its agents and nominees are prohibited from voting

Shares on behalf of their clients. **Beneficial Shareholders should therefore ensure that instructions regarding the voting of their Shares are properly communicated to the appropriate person or that the Shares are duly registered in their name well in advance of the Meeting.**

Canadian Beneficial Shareholders

In Canada, applicable regulatory policy requires brokers and other intermediaries holding Shares for others to seek voting instructions from Beneficial Shareholders in advance of shareholders meetings. The various brokers and other intermediaries have their own mailing and delivery procedures and provide their own return instructions to their clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. In some cases, a form of proxy or voting instruction form supplied to Beneficial Shareholders by their broker or other intermediary (or an agent or nominee of such broker or other intermediary) will be similar or even identical to the form of proxy furnished to registered Shareholders by the Corporation. However, the purpose of the form supplied by the broker or intermediary is limited to instructing the registered Shareholder (the broker, intermediary, agent or nominee) how to vote on behalf of the Beneficial Shareholder. The Corporation has made arrangements with its registrar and transfer agent, Computershare Trust Company of Canada (“**Computershare**”), to coordinate the mailing of voting instruction forms to the Beneficial Shareholders on behalf of such brokers or other intermediaries, with instructions thereon to return the forms to Computershare or to follow specified telephone or internet-based voting procedures. Computershare will then tabulate the results of all instructions received and provide the Corporation with appropriate instructions regarding the voting of the Shares of such Beneficial Shareholders to be represented at the Meeting. **Beneficial Shareholders cannot use the voting instruction form to vote their Shares directly at the Meeting. To have their Shares voted at the Meeting Beneficial Shareholders must return the voting instruction form to Computershare or complete the telephone or internet-based voting procedures well in advance of the Meeting.** Such voting may be done via telephone by calling 1-866-732-VOTE (8683) (toll free) or via the Internet at www.investorvote.com. If voting by either telephone or via the Internet, Beneficial Shareholders will be required to provide the control number located on the voting instruction form provided to them from Computershare before they are able to vote their Shares.

Beneficial Shareholders Whose Shares are Held Through NDS

Beneficial Shareholders whose Shares are held in a securities account maintained by a participant in the NDS should apply to the participant maintaining its securities account (*i.e.*, brokerage houses or depository banks) in which its Shares are recorded to provide it with additional information regarding the procedure to vote their Shares at the Meeting. In order to give voting instructions for the Meeting, the Beneficial Shareholder should request the brokerage house, or a custodian bank holding its investment account to which the Shares are credited, to provide it with a proxy statement and a voting ballot (which simultaneously serves as a proxy to vote at the Meeting). The participant in the NDS will need to request that the NDS provide the Meeting materials to satisfy the requests of such Beneficial Shareholders. The institutions responsible for distributing the voting materials and receiving voting instructions from the Beneficial Shareholders will vote on behalf of these Beneficial Shareholders based upon the voting instructions received. A Beneficial Shareholder that intends to vote will have to fill out the voting ballot and pass it to the brokerage house or the depository bank that maintains its investment account in which its Shares are recorded in advance of the Meeting, by the deadline specified by such broker or intermediary. Subsequently, such information will be forwarded to the NDS and the NDS will forward it through certain intermediaries to Computershare for aggregation with all other voting instructions provided to the Corporation for the Meeting.

General

Although Beneficial Shareholders will not be recognized directly at the Meeting for the purposes of voting Shares that are registered in the name of their broker or other intermediary (or an agent or nominee thereof), Beneficial Shareholders may attend the Meeting as proxyholder for the registered Shareholder and vote their Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker or other intermediary (or its agent or nominee) in accordance with the instructions provided by such broker or other intermediary (or agent or nominee) well in advance of the Meeting.

The Corporation is not using “notice-and-access” to send its proxy-related materials to the Shareholders, and paper copies of such materials will be sent to all Shareholders. The Corporation will not send proxy-related materials

directly to non-objecting Beneficial Shareholders and such materials will be delivered to non-objecting Beneficial Shareholders through their intermediaries. The Corporation does not intend to pay for intermediaries to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* of National Instrument 54-101, and an objecting Beneficial Shareholder will not receive the materials unless its intermediary assumes the costs of delivery.

Beneficial Shareholders should contact their broker or other intermediary if they have any questions regarding the voting of Shares held through that broker or other intermediary.

All references to Shareholders in this Information Circular, the accompanying form of proxy and Notice of Meeting are to Shareholders of record as at the Record Date unless stated otherwise.

Quorum for the Meeting

At the Meeting, quorum will consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 5% of the votes attached to all outstanding Shares.

VOTING SECURITIES AND PRINCIPAL HOLDERS

The Corporation is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As at May 21, 2013, 481,756,729 Shares were issued and outstanding. At the Meeting, on a show of hands, each Shareholder present in person or represented by proxy and entitled to vote will have one vote and, on a poll or ballot, each Shareholder present in person or represented by proxy will have one vote for each Share of record. Except as otherwise set out in this Information Circular, only Shareholders of record on the Record Date will be entitled to vote their Shares at the Meeting.

When any Share is held jointly by several persons, any one of them may vote at the Meeting in person or by proxy in respect of such Share. However, if more than one owner of a jointly-held Share is present at the Meeting, in person or by proxy, and such Shareholders disagree as to any vote to be cast, the joint owner present or represented whose name appears first in the register of Shareholders is entitled to vote the jointly-held Share.

To the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to all of the issued and outstanding voting securities of the Corporation other than Kulczyk Investments S.A. (“**KI**”), which owns 240,807,193 Shares, representing approximately 49.99% of the issued and outstanding Shares. As a result of an agreement in place between Radwan Investments GmbH (“**Radwan**”) and KI dated September 15, 2010, which entitles Radwan to participate in a percentage of KI’s investments and provides that Radwan will vote any securities it purchases pursuant to such agreement in accordance with the directions of KI, KI may also be considered to direct 26,628,360 Shares owned by Radwan, representing approximately 5.53% of the issued and outstanding Shares. KI and Radwan collectively hold 267,435,553 Shares or approximately 55.52% of the issued and outstanding Shares.

As of the date of this Information Circular, the number of Shares that are owned, controlled or directed, directly or indirectly, by all directors and officers of the Corporation, as a group, including Shares owned, controlled or directed, directly or indirectly, by KI, is 278,905,821 Shares, representing approximately 57.89% of the issued and outstanding Shares.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no director or executive officer of the Corporation who has held the position at any time since the beginning of the Corporation’s last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

Pursuant to an arrangement agreement (the “**Arrangement Agreement**”) dated April 24, 2013, between the Corporation, KI and Winstar Resources Ltd. (“**Winstar**”), the Corporation proposes to acquire all of the issued and

outstanding common shares of Winstar pursuant to a plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (Alberta) (the “**ABCA**”). In accordance with the terms of the Arrangement Agreement, approval by the Shareholders of the Consolidation Resolution and the Name Change Resolution (as defined below) is a condition precedent to the obligation of Winstar to complete the Arrangement and to consummate the other transactions contemplated by the Arrangement Agreement, which condition may be waived by Winstar at any time. KI, representing approximately 55.52% of the issued and outstanding Shares, has committed to vote all Shares beneficially owned, controlled or directed by it in favour of the Consolidation Resolution and the Name Change Resolution, subject to the terms and conditions of the support agreement it entered into with Winstar in respect of same. As two directors of the Corporation (Dariusz Mioduski and Manoj N. Madnani) hold senior executive positions with KI, a party to the Arrangement Agreement, they each have an indirect material interest in such matters. See “*Interests of Informed Persons in Material Transactions – Arrangement*” below.

APPROVAL REQUIREMENTS

All of the resolutions to be considered and voted upon at the Meeting, other than the Consolidation Resolution and the Name Change Resolution, are ordinary resolutions, requiring approval by more than 50% of the votes cast thereon in order for them to be passed. Pursuant to the ABCA, the resolutions respecting the Consolidation Resolution and the Name Change Resolution are special resolutions, each requiring approval by more than two-thirds (66 ⅔%) of the votes cast thereon in order for them to be passed.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Presentation of Financial Statements

The audited consolidated financial statements of the Corporation as at, and for the years ended December 31, 2012 and 2011, together with the auditor’s reports thereon, were mailed to the Shareholders who have requested such financial statements in accordance with applicable securities laws, together with this Information Circular. These financial statements are also available on the Internet on the Corporation’s profile maintained on the Canadian System for Electronic Document Analysis and Retrieval (“**SEDAR**”) located at www.sedar.com and on the Corporation’s website at www.kulczykoil.com. No formal action will be taken at the Meeting to approve the financial statements, which have already been approved by the board of directors of the Corporation.

2. Election of Directors

The current directors of the Corporation are Timothy M. Elliott, Norman W. Holton, Gary R. King, Manoj N. Madnani, Michael A. McVea, Dariusz Mioduski, Helmut J. Langanger and Stephen C. Akerfeldt.

The board of directors has determined to fix the number of directors at eight and management of the Corporation proposes to nominate each of the current directors for election at the Meeting, for a term to expire no later than the close of the next annual meeting of Shareholders or until their successors are duly elected or approved. Pursuant to the by-laws of the Corporation, all previously elected directors are deemed to retire from office at the time of the Meeting. Accordingly, Shareholders will be asked to consider and, if thought fit, to pass the following resolution:

“BE IT RESOLVED THAT Timothy M. Elliott, Norman W. Holton, Gary R. King, Manoj N. Madnani, Michael A. McVea, Dariusz Mioduski, Helmut J. Langanger and Stephen C. Akerfeldt be elected directors of the Corporation, to hold such office until the next annual meeting of Shareholders or until their successors are duly elected or appointed.”

The following table sets forth relevant information about the management board nominees, including their place of residence, the duration of their tenure on the board of directors of the Corporation, the number of Shares of the Corporation beneficially owned, controlled or directed, directly or indirectly, by each and the principal occupation of each over the last five years. The information about beneficial share ownership, control and direction has been provided to the Corporation by each nominee, respectively.

Timothy M. Elliott Dubai, United Arab Emirates	Director since April 10, 2001	Beneficially owns, controls or directs 5,055,870 Shares
<p>Principal Occupation During the Past Five Years</p> <p>Mr. Elliott has been President and Chief Executive Officer of the Corporation since February 2006 and a director of the Corporation since April 2001. Mr. Elliott received his Bachelor of Arts degree from St. Francis Xavier University, Antigonish, Nova Scotia, Canada in 1982 and graduated with a Bachelor of Laws degree from the University of Ottawa, Ottawa, Ontario, Canada in 1985.</p> <p>Committee membership: None.</p>		
Norman W. Holton Calgary, Alberta, Canada	Director since July 30, 1993	Beneficially owns, controls or directs 3,338,912 Shares
<p>Principal Occupation During the Past Five Years</p> <p>Mr. Holton has been Vice Chairman of the board of directors of the Corporation since December 10, 2008. Prior thereto, he was Executive Chairman of the Corporation (since May 2007) and Chairman and Chief Executive Officer of the Corporation (from 1995 to February 2006). Mr. Holton graduated from the University of Saskatchewan, Saskatoon, Saskatchewan, Canada in 1972 with an Advanced Bachelor of Sciences degree.</p> <p>Committee membership: None.</p>		
Gary R. King Dubai, United Arab Emirates	Director since October 25, 2007	Beneficially owns, controls or directs 67,500 Shares
<p>Principal Occupation During the Past Five Years</p> <p>Mr. King was appointed Chief Executive Officer of Dutco Natural Resources Investments Ltd. in April 2012 and has been Managing Partner of Matrix Partnership, a strategic advisory firm, since March 2009. Prior thereto, he was the Chief Executive Officer of Dubai Natural Resources World, a private investment fund owned by the Government of Dubai (since September 1, 2008). Before this he was Chief Executive Officer of the Dubai Mercantile Exchange (from December 2005 to August 2008). Mr. King graduated from Imperial College, Royal School of Mines, London University, London, United Kingdom with a Masters Degree in Petroleum Exploration Geology in 1983.</p> <p>Committee membership: Audit Committee, Compensation & Corporate Governance Committee, Reserves Committee</p>		
Helmut J. Langanger Strasshof, Austria	Director since November 9, 2011	Beneficially owns, controls or directs nil Shares
<p>Principal Occupation During the Past Five Years</p> <p>Mr. Langanger is currently a corporate director and independent businessman. Prior thereto, from 1974 until 2010, Mr. Langanger was employed by the Austrian-based oil and gas company OMV Group, where he was since 2002 Group Executive Vice President EP, a member of the Executive Board and Managing Director Upstream.</p> <p>Committee membership: Reserves Committee</p>		

Manoj N. Madnani Dubai, United Arab Emirates	Director since October 25, 2007	Beneficially owns, controls or directs 375,681 Shares ⁽¹⁾
<p>Principal Occupation During the Past Five Years</p> <p>Mr. Madnani has been Managing Director (Dubai) and a Board Member of Kulczyk Investments S.A. (Luxembourg) and related companies since June 2007. Prior to joining the Management Board of Kulczyk Investments S.A., he was Managing Director of The Marab Group, an oil and gas consultancy and investment banking firm based in Kuwait focusing on sovereign energy security and global investments in the energy sector (from July 2005 to May 2007). Mr. Madnani graduated from Babson College, Massachusetts, USA in 1991 with a Bachelor of Science degree in international finance and marketing.</p> <p>Committee membership: Compensation & Corporate Governance Committee</p>		

Note:

- (1) Mr. Madnani holds a senior executive position with KI. KI owns 240,807,193 Shares and has direction over an additional 26,628,360 Shares owned by Radwan. See “*Voting Securities and Principal Holders*” above. By virtue of his position with KI, Mr. Madnani is deemed to have direction over such Shares in addition to those Shares that are shown above.

Michael A. McVea Victoria, British Columbia, Canada	Director since February 10, 2006	Beneficially owns, controls or directs 100,000 Shares
<p>Principal Occupation During the Past Five Years</p> <p>Mr. McVea has been a retired barrister and solicitor since 2004. Mr. McVea received his Bachelor of Laws degree from the University of British Columbia in Vancouver, Canada in 1974.</p> <p>Committee membership: Audit Committee, Compensation & Corporate Governance Committee, Reserves Committee</p>		

Dariusz Mioduski St. Moritz, Switzerland	Director since December 10, 2008	Beneficially owns, controls or directs nil Shares ⁽¹⁾
<p>Principal Occupation During the Past Five Years</p> <p>Mr. Mioduski has been President and Chief Executive Officer of the Management Board of Kulczyk Investments S.A. since December 2007 and President of the Management Board of Kulczyk Holding S.A., a private investment holding company since May 2007. Prior to this he was an executive partner at CMS Cameron McKenna, an international law firm, in Warsaw Poland, responsible for the entire Energy and Infrastructure Projects sector (since November 1997). Mr. Mioduski graduated with a Juris Doctor degree from the Harvard Law School, Massachusetts, USA in 1990.</p> <p>Committee membership: None.</p>		

Note:

- (1) Mr. Mioduski holds a senior executive position with KI. KI owns 240,807,193 Shares and has direction over an additional 26,628,360 Shares owned by Radwan. See “*Voting Securities and Principal Holders*” above. By virtue of his position with KI, Mr. Mioduski is deemed to have direction over such Shares in addition to those Shares that are shown above.

Stephen C. Akerfeldt Toronto, Ontario, Canada	Director since March 16, 2011	Beneficially owns, controls or directs nil Shares
<p>Principal Occupation During the Past Five Years</p> <p>Mr. Akerfeldt has been President and a director of Ritz Plastics Inc., a private company that produces plastic parts primarily for the automotive industry by injection moulding, since 1999. From June 2007 until February 2011, he</p>		

was Chairman of the Board and a director of Firstgold Corp, a gold exploration company and he was the Chief Executive Officer of Firstgold Corp. from January 2008 to July 2009. Mr. Akerfeldt graduated from the University of Waterloo, Waterloo, Ontario, Canada in 1966 and was designated as a Chartered Accountant in 1969.

Committee membership: Audit Committee

Management of the Corporation proposes to nominate for election the foregoing persons as directors of the Corporation. **Unless otherwise directed by the appointing Shareholder, the proxyholder named in the accompanying form of proxy intends to vote FOR the election of such persons as directors of the Corporation.**

Additional Disclosure Relating to Directors

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Unless otherwise disclosed herein, no proposed director of the Corporation:

- (a) is, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:
 - (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer; or
 - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he was acting in the capacity of a director, chief executive officer or chief financial officer except:

On July 22, 2009 a cease trade order was issued by the Ontario Securities Commission against the insiders, management, officers and directors of Firstgold Corp., including Stephen C. Akerfeldt, for failure to file various continuous disclosure materials within the prescribed time frame as required by Ontario securities law. All outstanding continuous disclosure materials were subsequently filed and the cease trade order expired on October 10, 2009.

In August 2002, Proprietary Industries Inc. ("**Proprietary**") (now Jura Energy Corporation) faced certain accounting and regulatory issues which led to its then board of directors to voluntarily agree to a cease trade order. The Alberta Securities Commission ("**ASC**") launched an investigation of certain transactions that Proprietary's then senior officers had directed Proprietary to enter into between 1998 and 2002. The senior officers were dismissed from their positions in August 2002. Stephen C. Akerfeldt became a director of Proprietary in January 2003 and a settlement agreement was entered into between the ASC and Proprietary with respect to matters occurring prior to August 2002. The regulatory issues against Proprietary were resolved and the cease trade orders with respect to the shares of Proprietary were lifted in May 2004;

or

- (b) is, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company that while that person was acting in that capacity, or within a year of that

person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets except:

In January 2010, Firstgold Corp. filed for protection under Chapter 11 in the United States. Mr. Akerfeldt was at the time of the filing a director of Firstgold Corp.;

or

- (c) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director except:

On April 16, 2013, Parker Drilling Corporation announced that it had entered into a settlement agreement with the U.S. Department of Justice and Securities and Exchange Commission with respect to possible violations of the U.S. *Foreign Corrupt Practices Act* in Nigeria. Pursuant to the settlement agreement, Parker Drilling Corporation agreed to pay \$15.85 million, comprising \$11.76 million in penalties, \$3.05 million in the disgorgement of profits and \$1.04 million in interest. Mr. King was a director of Parker Drilling Corporation at the time of the settlement agreement.

Election Arrangements

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company.

3. Appointment of Auditor

Management proposes to reappoint the firm KPMG LLP, Chartered Accountants, of Calgary, Alberta, Canada, to hold office as the Corporation's auditor until the next annual meeting of Shareholders or until its successor is appointed, at a remuneration to be fixed by the board of directors. KPMG LLP has been the auditor of the Corporation since December 31, 2003. Accordingly, Shareholders will be asked to consider and, if thought fit, to pass the following resolution at the Meeting:

"BE IT RESOLVED THAT KPMG LLP, Chartered Accountants, be appointed auditor of the Corporation, to hold such office until the close of the next annual meeting of the Corporation, at such remuneration as may be determined by the board of directors of the Corporation."

Unless otherwise directed by the appointing Shareholder, the proxyholder named in the accompanying form of proxy intends to vote FOR the appointment of KPMG LLP, Chartered Accountants, as the auditor of the

Corporation, to hold office until the next annual meeting of the Shareholders, at a remuneration to be determined by the board of directors of the Corporation.

4. Consolidation of the Shares

Proposed Consolidation

At the Meeting, management proposes that Shareholders approve a special resolution (the “**Consolidation Resolution**”) authorizing an amendment to the Corporation’s articles of incorporation (“**Articles**”) pursuant to subsection 173(1)(f) of the ABCA to consolidate the Shares (the “**Consolidation**”) on the basis of one (1) post-consolidation Share for every ten (10) pre-consolidation Shares or for such other lesser whole or fractional number of pre-Consolidation Shares that the board of directors, in its sole discretion, determines to be appropriate. The full text of the Consolidation Resolution is set forth below under the heading “*Consolidation Resolution*”. For clarity, any reference in this Information Circular to Shares other than under this heading “*Consolidation of the Shares*” is a reference to Shares on a pre-consolidated basis.

Reasons for the Consolidation

The proposed acquisition by the Corporation of all of the issued and outstanding common shares of Winstar pursuant to the Arrangement will, if completed, materially increase the number of outstanding Shares. Management of the Corporation believes that the Consolidation could broaden the pool of investors who may consider investing in or be able to invest in the Corporation following the Arrangement by increasing the trading price of the Shares and decreasing the number of outstanding Shares. Management believes that the Consolidation could also make the Shares more attractive to certain classes of institutional investors and provide the Corporation with an increased share price that could improve margin terms associated with the purchase of the Shares. Pursuant to the Arrangement Agreement, it is a condition precedent to the obligation of Winstar to complete the Arrangement and to consummate the other transactions contemplated by the Arrangement Agreement that the Shareholders shall have approved the Consolidation Resolution and Winstar shall have received satisfactory evidence to it, acting reasonably, that the Consolidation will be implemented as soon as reasonably practicable after closing of the Arrangement, which condition may be waived by Winstar at any time.

Effect of the Consolidation

If approved and implemented, the Consolidation will occur simultaneously for all of the Corporation’s issued and outstanding Shares, including any Shares issued pursuant to the Arrangement, and the consolidation ratio will be the same for all such Shares. The Consolidation will affect all holders of Shares uniformly and will not affect any Shareholder’s percentage ownership interest in the Corporation, except to the extent that the Consolidation would otherwise result in a Shareholder owning a fractional Share. No fractional post-Consolidation Shares will be issued and no cash or other consideration will be paid in lieu of fractional post-Consolidation Shares. Any fractional interest in Shares that is less than half of a Share resulting from the Consolidation will be rounded down to the nearest whole Share. Any fractional interest in Shares that is 0.5 of a Share or greater than 0.5 of a Share will be rounded up to the nearest whole Share.

The Corporation currently has an unlimited number of Shares available for issuance and the Consolidation will not have any effect on the number of Shares that remain available for future issuance. The exercise or conversion price and the number of Shares issuable under any convertible securities of the Corporation, including incentive stock options, will be proportionately adjusted if the Consolidation is approved by Shareholders at the Meeting and put into effect.

Implementation of the Consolidation

The Consolidation is subject to receipt of all required regulatory approvals and to the approval of the Consolidation by the Shareholders at the Meeting. If these approvals are received, the Consolidation will be effected as soon as reasonably practicable after closing of the Arrangement as determined by the board of directors and announced by a press release of the Corporation. Notwithstanding if the approvals are received, the Corporation may determine not to proceed with the Consolidation at the discretion of the board of directors.

Registered holders of Shares may use the letter of transmittal which accompanies this Information Circular to exchange their certificates representing pre-Consolidation Shares for post-Consolidation Shares, subject to completion of the Consolidation. Shareholders should complete the accompanying letter of transmittal and deliver the completed document, together with the certificate or certificates representing their Shares, to Computershare Investor Services Inc. in accordance with the instructions contained in the letter of transmittal.

Determination of Final Consolidation Ratio

If the Shareholders approve the Consolidation, the final number of pre-Consolidation Shares to be exchanged for each post-Consolidation Share will be determined by the board of directors of the Corporation.

The Corporation will issue a news release after the Meeting to advise of the results of the Meeting and, if appropriate, the expected timing for the commencement of trading of the post-Consolidation Shares on the Warsaw Stock Exchange (“WSE”).

Consolidation Resolution

The Consolidation Resolution is a special resolution and must be passed by at least two-thirds (66⅔%) of the votes cast by holders of the Shares present or represented by proxy at the Meeting. The full text of the Consolidation Resolution is set forth below:

“BE IT RESOLVED THAT:

- (a) pursuant to subsection 173(1)(f) of the *Business Corporations Act* (Alberta) (“**ABCA**”), the Articles of Kulczyk Oil Ventures Inc. (the “**Corporation**”) be amended to provide that the authorized share capital of the Corporation be altered by consolidating all of the issued and outstanding common shares (the “**Consolidation**”) on the basis of one (1) post-Consolidation common share for every ten (10) pre-Consolidation common shares or for such other lesser whole or fractional number of pre-Consolidation common shares that the board of directors, in its sole discretion, determines to be appropriate;
- (b) no fractional post-Consolidation common shares shall be issued and no cash will be paid in lieu of fractional post-Consolidation common shares. Any fractional interest in common shares that is less than half of a common share resulting from the Consolidation will be rounded down to the nearest whole common share. Any fractional interest in common shares that is 0.5 of a common share or is greater than 0.5 of a common share will be rounded up to the nearest whole common share;
- (c) notwithstanding the passage of this special resolution, the directors of the Corporation be and are hereby authorized and empowered to determine not to proceed with the Consolidation at any time prior to the filing of the Articles of Amendment to effect the Consolidation without further approval of the holders of common shares (“**Shareholders**”);
- (d) any one director or officer of the Corporation be and is hereby authorized and directed to execute all documents and instruments and take all such other actions as may be necessary or desirable to implement this special resolution and the matters authorized hereby, including but not limited to the filing of Articles of Amendment under the ABCA; and
- (e) the board of directors of the Corporation be and is hereby authorized to set the effective date of such Consolidation and such effective date shall be the date shown in the Certificate of Amendment issued by the

Registrar appointed under the ABCA or such other date indicated in the Articles of Amendment to effect the Consolidation, provided that, in any event, such date shall be prior to the next annual general meeting of the Shareholders of the Corporation.”

Unless otherwise directed by the appointing Shareholder, the proxyholder named in the accompanying form of proxy intends to vote FOR the Consolidation Resolution. If the Consolidation Resolution is not approved, the Corporation will continue to have an unlimited number of Shares available for issuance and there will be no effect on the issued and outstanding Shares of the Corporation. As Shareholder approval of the Consolidation Resolution is a condition precedent to the obligation of Winstar to complete the Arrangement, if the Consolidation Resolution is not approved, the Arrangement may not be completed unless Winstar determines to waive such condition. See “*Reasons for the Consolidation*” above.

KI, representing approximately 55.52% of the issued and outstanding Shares, has committed to vote all Shares beneficially owned, controlled or directed by it in favour of the Consolidation Resolution, subject to the terms and conditions of the support agreement it entered into with Winstar in respect of same. The board of directors has reviewed the Consolidation Resolution and unanimously recommends that the Shareholders vote in favour of the Consolidation Resolution.

5. Change of Name of the Corporation to “Serinus Energy Inc.”

Proposed Name Change

At the Meeting, management proposes that Shareholders approve a special resolution (the “**Name Change Resolution**”) authorizing an amendment to the Corporation’s Articles pursuant to subsection 173(1)(a) of the ABCA to effect a change of the name (“**Name Change**”) of the Corporation to “Serinus Energy Inc.” or such other name as the board of directors of the Corporation may approve.

Reasons for the Name Change

Pursuant to the Arrangement Agreement, it is a condition precedent to the obligation of Winstar to complete the Arrangement and to consummate the other transactions contemplated by the Arrangement Agreement that the Shareholders shall have approved the Name Change Resolution and Winstar shall have received satisfactory evidence to it, acting reasonably, that the Name Change will be implemented as soon as reasonably practicable after closing of the Arrangement, which condition may be waived by Winstar at any time.

Implementation of the Name Change

The Name Change is subject to receipt of all required regulatory approvals and to the approval of the Name Change by the Shareholders at the Meeting. If these approvals are received, the Name Change will be effected as soon as reasonably practicable after closing of the Arrangement as determined by the board of directors and announced by a press release of the Corporation. Notwithstanding if the approvals are received, the Corporation may determine not to proceed with the Name Change at the discretion of the board of directors. At the board’s discretion, the Corporation may determine to proceed with the Name Change even if the Arrangement is not completed.

Assuming the Name Change is implemented concurrently with or prior to the Consolidation, registered holders of Shares can use the letter of transmittal which accompanies this Information Circular to exchange their pre-Consolidation Share certificates for new post-Consolidation Share certificates with the new name. Please see “*Consolidation of the Shares – Implementation of the Consolidation*”.

Name Change Resolution

The Name Change Resolution is a special resolution and must be passed by at least two-thirds (66⅔%) of the votes cast by holders of the Shares present or represented by proxy at the Meeting. The full text of the Name Change Resolution is set forth below:

“BE IT RESOLVED THAT:

- (a) pursuant to subsection 173(1)(a) of the *Business Corporations Act* (Alberta) (“**ABCA**”), the Articles of Kulczyk Oil Ventures Inc. (the “**Corporation**”) be amended to change the name of the Corporation to “Serinus Energy Inc.” or such other name as the board of directors of the Corporation may approve and which is acceptable to the Registrar of Corporations of the Province of Alberta or any regulatory body having jurisdiction (the “**Name Change**”);
- (b) notwithstanding the passage of this special resolution, the directors of the Corporation be and are hereby authorized and empowered to determine not to proceed with the Name Change at any time prior to the filing of the Articles of Amendment to effect the Name Change without further approval of the holders of common shares;
- (c) any one director or officer of the Corporation be and is hereby authorized and directed to execute all documents and instruments and take all such other actions as may be necessary or desirable to implement this special resolution and the matters authorized hereby, including but not limited to the filing of Articles of Amendment under the ABCA.”

Unless otherwise directed by the appointing Shareholder, the proxyholder named in the accompanying form of proxy intends to vote FOR the Name Change Resolution. As Shareholder approval of the Name Change Resolution is a condition precedent to the obligation of Winstar to complete the Arrangement, if the Name Change Resolution is not approved, the Arrangement may not be completed unless Winstar determines to waive such condition. See “*Reasons for the Name Change*” above.

KI, representing approximately 55.52% of the issued and outstanding Shares, has committed to vote all Shares beneficially owned, controlled or directed by it in favour of the Name Change Resolution, subject to the terms and conditions of the support agreement it entered into with Winstar in respect of same. The board of directors has reviewed the Name Change Resolution and unanimously recommends that the Shareholders vote in favour of the Name Change Resolution.

6. Other Matters

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Information Circular. **However, if any other matter properly comes before the Meeting, the proxyholder named in the enclosed form of proxy will vote on such matters in accordance with his or her best judgment.**

EXECUTIVE COMPENSATION

The following Compensation Discussion and Analysis provides information regarding all significant elements of compensation paid, awarded or otherwise provided by the Corporation to its Named Executive Officers (defined below). Specific information is provided for Timothy M. Elliott, President and Chief Executive Officer, Paul H. Rose, Chief Financial Officer and the three other most highly compensated Executive Officers of the Corporation whose total compensation for the year ended December 31, 2012, individually, was more than CAD\$150,000: namely, Jock M. Graham, Executive Vice President, Trent Rehill, Vice President, Geosciences, and Edwin A. Beaman, Vice President, Operations and Engineering (collectively, the “**Named Executive Officers**” or the “**NEOs**”). Information about the compensation awarded to the Named Executive Officers can be found in the “*Summary Compensation Table*” and related compensation tables below.

Consistent with the presentation used elsewhere in this Information Circular, and unless otherwise stated, all dollar amounts contained within this section are stated in U.S. dollars, the reporting and functional currency used by the

Corporation in its consolidated financial statements as at, and for the years ended December 31, 2012 and 2011. Canadian dollars, when used, will be identified as “CAD\$”.

Compensation Discussion and Analysis

The compensation for executives of the Corporation is determined by the board of directors of the Corporation, with recommendations from the Compensation & Corporate Governance Committee, which is appointed by the board of directors of the Corporation. Included within the Compensation & Corporate Governance Committee’s mandate is a requirement to assist the board of directors in discharging its duties and responsibilities regarding officer and director compensation. The Compensation & Corporate Governance Committee’s purpose, composition, procedures, organization and duties and responsibilities are described in the Compensation & Corporate Governance Committee’s Terms of Reference adopted by the board of directors on December 21, 2006 and amended November 12, 2009. For the year ended December 31, 2012, the Compensation & Corporate Governance Committee consisted of the following individuals:

Michael A. McVea
Gary R. King
Manoj N. Madnani

Michael A. McVea

Mr. McVea has been a retired barrister and solicitor since 2004. Prior to that, he was Senior Partner of McVea, Shook, Wickham & Bishop, a general practice law firm from September 1981 to December 2002 and Associate Counsel with that firm from January 2003 to June 2004. Mr. McVea practised mainly in the areas of business and corporate commercial law. He graduated from the University of British Columbia, Canada, with a Bachelor of Laws degree in 1974. Mr. McVea was a director of TKE Energy Trust from November 2004 to November 2005. Mr. McVea is also a director of Loon Energy Corporation. In these roles, Mr. McVea has acquired experience in and exposure to executive compensation.

Gary R. King

Mr. King is Chief Executive Officer of Dutco Natural Resources Investments Ltd., a private upstream oil and gas company with assets in the United States, and Managing Partner of Matrix Partnership, a strategic advisory firm. Prior to September 2009, he held the position of Chief Executive Officer of Dubai Natural Resources World, a private investment fund owned by the Government of Dubai exploring new long-term investment avenues across the entire natural resources value chain including oil and gas, mining and agriculture. Previous positions included roles as Chief Executive Officer of the Dubai Mercantile Exchange from December 2005 to August 2008, a Senior Vice President of Macquarie Bank from July 2005 to December 2005 and Managing Director of Matrix Commodities, a strategic advisory firm. Mr. King was Regional Head of Standard Bank London based in Dubai, United Arab Emirates from March 2001 to August 2004. Prior thereto he was employed by Emirates National Oil Company, lastly as Advisor, Group CEO Office from July 2002 to August 2004 and firstly as General Manager, Risk Management from January 1999 to March 2001. Prior thereto, Mr. King’s experience included senior management positions with Dragon Oil PLC, an international oil and gas exploration and production company, TransCanada International Petroleum (Asia Pacific PTE LTD), Morgan Stanley and Neste Oy, the national oil and energy company of Finland. Mr. King graduated from Imperial College, Royal School of Mines, London University, United Kingdom with a Masters Degree in Petroleum Exploration Geology in 1983. In addition to serving on the board of directors of the Corporation, he is a director of Parker Drilling Company, a public corporation which trades on the New York Stock Exchange, and WHL Energy Ltd, listed on the Australian Stock Exchange. In these roles, Mr. King has acquired experience in and exposure to executive compensation functions.

Manoj N. Madnani

Mr. Madnani has been Managing Director and a Board Member of Kulczyk Investments S.A. (Luxembourg) and related companies since June 2007. Prior to joining the Management Board of Kulczyk Investments S.A., he was Managing Director of The Marab Group, an oil and gas consultancy and investment banking firm based in Kuwait focusing on sovereign energy security and global investments in the energy sector (from July 2005 to May 2007). Mr. Madnani has a background in corporate finance, deal sourcing, international transactions and corporate strategy.

His areas of expertise are the energy and infrastructure sectors and emerging markets. Prior to joining Kulczyk Investments S.A., he worked for several years in central and eastern Europe and the Middle East, focusing on energy security and investments in the energy sector. He was educated at Babson College (USA) and is a member of the Global Advisory Board and the Alumni Association Board of Babson College. He is also a member of the Emirates Chapter of the Young Presidents Organization. His other public company directorships include Loon Energy Corporation, which is listed on the TSX Venture Exchange (“**TSX-V**”). In these roles, Mr. Madnani has acquired experience in and exposure to executive compensation.

The Compensation & Corporate Governance Committee met three times during 2012 to address matters arising from or related to its mandate.

To ensure that compensation is determined in a fair manner, the Corporation strives to have the Compensation & Corporate Governance Committee comprised of independent members of the board. Currently, two of the three members of the Compensation & Corporate Governance Committee, being Mr. King and Mr. McVea, are independent directors. The third member, Mr. Madnani, is not an employee of the Corporation but is a member of the Management Board of KI, which owns approximately 49.99% of the issued and outstanding Shares, and is independent of the management of the Corporation.

The Corporation’s executive compensation program is designed to ensure that executive compensation is (a) market competitive and therefore able to attract and retain qualified, experienced professionals; (b) internally equitable within the Corporation, so that individual and group performance is encouraged and appropriately rewarded; and (c) aligned with the strategic goals of the Corporation in achieving the Corporation’s long-term growth strategy and delivering strong shareholder returns. The Compensation & Corporate Governance Committee reviews the compensation of executive officers on an annual basis. The Compensation & Corporate Governance Committee’s determination of officer compensation is based on factors such as competitive forces, conditions in the international oil and gas industry and the performance of both the Corporation and the officer. The Compensation & Corporate Governance Committee does not have any formal policies or practices to determine executive compensation. The Compensation & Corporate Governance Committee’s process for determining executive compensation is simple and informal, and relies primarily on Compensation & Corporate Governance Committee discussion without any formal objectives, criteria and analysis. In addition, the Compensation & Corporate Governance Committee will, when necessary, retain the services of external compensation consultants to survey a peer group of companies of comparable size and scope of operations as measured by market capitalization, revenues, assets and number of employees that operate in the international energy sector.

The Compensation & Corporate Governance Committee also considers the appropriate compensation for members of the board of directors of the Corporation, including the chairman of any committee of the board, on an annual basis. The Compensation & Corporate Governance Committee does this by evaluating industry practice, the roles and responsibilities required of board members and by benchmarking the board members’ compensation in comparison with the compensation of suitable peer groups. Recommendations are made to the board of directors based on this evaluation.

To ensure that the Corporation’s compensation program is competitive, the Corporation engaged an external compensation consultant, Mercer (Canada) Limited (“**Mercer**”) in August 2012 to provide analysis and advice on a total compensation framework focused on the Calgary office of the Corporation. The final report (“**Mercer Report**”) was published January 1, 2013, and included the Corporation’s positioning against a peer group of 18 exploration and production companies with international operations.

No other services were provided by Mercer to the Corporation in 2012. The Corporation paid CAD\$78,378 during the 2012 financial year to Mercer for the Mercer Report. No fees for any other services were billed by or paid to Mercer or its affiliates during the Corporation’s 2011 or 2012 financial years.

In September 2011 the Committee engaged Hewitt New Bridge Street (a division of Aon Hewitt Ltd.) (“**Aon Hewitt**”) to conduct a review of the remuneration arrangements of the Corporation’s executive officers and independent directors in the context of oil and gas companies in the UK market.

The Corporation paid aggregate fees of USD\$14,016 billed by Aon Hewitt during 2011 for a report addressing non-executive director compensation and executive compensation. No other fees for any other services were billed by or paid to Aon Hewitt or its affiliates during the Corporation's 2011 or 2012 financial years.

The Corporation's executive compensation for 2012 consisted of three distinct components:

- (a) base salary;
- (b) annual incentive awards, which typically consists of a cash bonus; and
- (c) long-term incentive plans, which typically consists of grants of stock options.

Base Salary

The Compensation & Corporate Governance Committee holds the view that base salaries for executive officers should be set relative to peer companies and that a significant portion of total remuneration should be attached to performance.

Annual Incentive Awards

The Corporation does not have a formal bonus plan or framework at this time. Any bonuses paid by the Compensation & Corporate Governance Committee and the board of directors would be on a periodic and purely discretionary basis. In March 2013, upon the recommendation of the Compensation & Corporate Governance Committee, the board of directors approved 2012 bonuses for Messrs. Rose, Rehill and Beaman in amounts equal to 25% to 50% of their respective annual salaries and for Messrs. Holton, Elliott and Graham in amounts equal to 100% of their respective annual salaries; provided that the bonuses will not be paid until they would not have a material effect on the cash flow projections for the Corporation on a 12-month forward basis.

Long-Term Incentive Plans

Long-term incentives to executives presently consist of stock options that may be awarded from time to time. The Compensation & Corporate Governance Committee will review and assess the recommendations of management of the Corporation with respect to the award of stock options, based on such factors as individual and corporate performance, and market conditions. The Compensation & Corporate Governance Committee will also consider previous stock options awarded to a particular individual when considering new awards. During 2012, 1,300,000 stock options were awarded to the Named Executive Officers. See "*Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2012 – NEOs*" below.

Performance Graph

The Shares are listed on the WSE under the symbol "KOV", where they have been trading since May 25, 2010. Previously, the Shares traded on the TSX-V until they were halted from trading on December 10, 2008, and then delisted at the Corporation's request on December 19, 2008. Between December 19, 2008 and May 25, 2010, the Shares were not listed on any stock exchange. The following graph compares the cumulative total shareholder return on an initial investment of \$100 in the Shares to relevant stock exchange indices, when applicable, for three distinct periods within the five years from January 1, 2008 to December 31, 2012: (i) January 1, 2008 until December 18, 2008 when the Shares traded on the TSX-V as Loon Energy Inc. as compared to the S&P 500 index; (ii) a dormant period from December 19, 2008 until May 24, 2010 when the Shares were not listed and did not trade on any public exchange; and (iii) May 25, 2010 until December 31, 2012 when the Shares traded on the WSE as compared to the Warsaw Stock Exchange Index ("**WIG Index**").



The following table compares the change in the cumulative Shareholder return on the Shares to the cumulative total return of the WIG Index for the period beginning May 25, 2010 and ended December 31, 2012, assuming a \$100 investment was made on May 25, 2010.

	Cumulative Total Return	
	May 25, 2010	December 31, 2012
Kulczyk Oil Ventures Inc.	\$100	\$71.58
WIG Index	\$100	\$121.35

The following table compares the change in the cumulative shareholder return on the Shares to the cumulative total return of the S&P 500 Index for the period beginning January 1, 2008 and ending on December 18, 2008, assuming a \$100 investment was made on January 1, 2008. The assets of the Corporation held prior to December 19, 2008 are materially different to those presently held by the Corporation as a result of, among other things, the completion of the plan of arrangement on December 10, 2008 in which certain assets of the Corporation were disposed of to a third party entity. Further, the Shares were then trading on a different exchange (with different indices) and in a different currency. **Readers are cautioned that there is limited value in attempting to compare the two tables, and that any such comparison would not be useful and could be misleading.**

	Cumulative Total Return	
	January 1, 2008	December 18, 2008
Kulczyk Oil Ventures Inc.	\$100	\$34.72
S&P 500 Index	\$100	\$61.17

The compensation philosophy of the Corporation has been that the Corporation's share price will not directly determine any aspect of an NEO's compensation. Accordingly, any correlation between the Corporation's share price and the compensation of the NEOs is indirect.

Option-based Awards

As noted above under "*Long-Term Incentive Plans*", stock options represent the Corporation's present long-term incentive component of its compensation program and the recommendations by management with respect to the granting of same, as well as any proposed amendments to the stock option plan, are reviewed and assessed by the Committee. Options are granted from time to time as the Corporation hires new executives, including Named Executive Officers, and other members of the Corporation's staff, and when compensation is reviewed by the Committee in order to rebalance the compensation package at various levels through the Corporation. This review is done at least annually. As noted above under "*Long-Term Incentive Plans*", when reviewing option grants, the Committee gives consideration to individual and corporate performance, and market conditions and also considers the number of options already granted to the individual and the available option "pool" remaining for new positions being contemplated by the Corporation.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid by the Corporation to the Named Executive Officers for the Corporation's three most recently completed financial years, ending on December 31, 2012, 2011 and 2010, respectively.

Name and principal position	Year	Salary	Share-based awards	Option-based awards ⁽¹⁾	Non-equity incentive plan compensation		Pension value	All other compensation ⁽²⁾	Total compensation
		(\$)	(\$)	(\$)	Annual incentive plans ⁽³⁾	Long-term incentive plans	(\$)	(\$)	(\$)
Timothy M. Elliott <i>President and Chief Executive Officer</i>	2012	468,000	N/A	278,411	-	N/A	N/A	202,567	948,978
	2011	468,000	N/A	909,144	-	N/A	N/A	210,246	1,587,390
	2010	270,000	N/A	671,987	300,000	N/A	N/A	188,272	1,430,259
Paul H. Rose <i>Chief Financial Officer</i>	2012	235,000	N/A	72,362	100,000	N/A	N/A	-	407,362
	2011	222,508	N/A	162,812	-	N/A	N/A	-	385,320
	2010	213,605	N/A	225,370	150,000	N/A	N/A	-	588,975
Trent Rehill <i>Vice President, Geosciences</i>	2012	213,333	N/A	62,252	100,000	N/A	N/A	-	375,585
	2011	192,500	N/A	93,019	-	N/A	N/A	-	285,519
	2010	177,917	N/A	203,183	107,782	N/A	N/A	-	488,882
Jock M. Graham <i>Executive Vice President</i>	2012	360,000	N/A	267,846	-	N/A	N/A	127,920	755,766
	2011	360,000	N/A	470,619	-	N/A	N/A	154,725	985,344
	2010	252,000	N/A	532,819	200,000	N/A	N/A	130,701	1,115,520
Edwin Beaman <i>Vice President, Operations and Engineering</i>	2012	206,667	N/A	45,261	100,000	N/A	N/A	-	351,928
	2011	202,280	N/A	143,692	-	N/A	N/A	-	345,972
	2010	194,186	N/A	200,827	50,000	N/A	N/A	-	445,013

Notes:

- (1) Comprised of options issued pursuant to the Corporation's stock option plan (the "Stock Option Plan"). All options vest 1/3 upon grant and 1/3 annually for each of the two subsequent years following the grant. The value of the options is based on the grant date fair value of the options using the Black-Scholes method, calculated in accordance with IFRS 2 Share-based payments, as follows:

	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Weighted average fair value per option	\$0.27	\$0.41	\$0.22
Exercise Price	\$0.44	\$0.46	\$0.62
Volatility	90.5%	65.80%	50.00%
Interest rate	1.23%	2.53%	1.95%
Expected life (years)	4	4	3
Forfeiture rate	3.33%	3.33%	3.33%
Dividends	Nil	Nil	Nil

In November 2011, the Corporation's board of directors authorized the re-pricing of certain stock options held by employees and certain officers of the Corporation. This re-pricing allows the holders of such options to exercise their stock options at a lower price than the exercise price specified in the original grant. The re-pricing affects stock options held by each of Mr. Rose, Dr. Rehill and Mr. Beaman; however, the option re-pricing excluded options held by the Corporation's three most senior officers – Messrs. Elliott, Holton and Graham – and the board of directors. The re-pricing was authorized by the board of directors to ensure that the past option grants remained an

effective mechanism for compensating and retaining employees, in the context of market events that had a negative impact on the Corporation's share price.

- (2) "All other compensation" for the above referenced Named Executive Officers includes amounts paid in accordance with their respective employment agreements and may include amounts for housing costs, school fees for the Named Executive Officer's children, return airfare to Canada for the Named Executive Officer's family members, medical coverage for the Named Executive Officer's family members and life and disability insurance.
- (3) Amounts represent the Corporation's cash bonuses paid in 2010 and 2012. No Cash bonuses were paid to NEOs in 2011.

Incentive Plan Awards

The Corporation has in place the Stock Option Plan providing for the granting of stock options to directors, officers, employees and consultants of the Corporation and its affiliates. The purpose of the Stock Option Plan is to afford persons who provide services to the Corporation, whether as directors, officers, management, employees or otherwise, an opportunity to obtain a proprietary interest in the Corporation. The Stock Option Plan encourages this by permitting such persons to purchase Shares of the Corporation and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Corporation. On December 31, 2012, there were 41,294,000 options to acquire Shares outstanding, representing approximately 7.9% of the Shares outstanding on a fully diluted basis as of December 31, 2012.

Subsequent to December 31, 2012, 135,000 options were cancelled due to resignations, bringing the total options to acquire Shares outstanding to 41,159,000, representing approximately 7.9% of the Shares outstanding on a fully-diluted basis as of the date of this Information Circular.

Under the Stock Option Plan, stock options may be issued to eligible participants in such numbers as the board of directors may determine. However, the aggregate number of Shares to be delivered upon the exercise of all stock options granted under the Stock Option Plan may not exceed 10% of the outstanding Shares of the Corporation in any 12-month period at the time of granting of the options (on a non-diluted basis) and the total number of participants under the Stock Option Plan may not exceed 100 in total. The exercise price of the stock options is fixed by the board of directors of the Corporation at the time of granting of the option, but shall not be less than the price permitted by any stock exchange on which the Shares may be listed or other regulatory body having jurisdiction. No financial assistance is provided by the Corporation to optionees to exercise stock options granted pursuant to the Stock Option Plan.

Each grant of options to an optionee has specific vesting terms which are satisfied by the optionee continuing employment or service to the Corporation over a specified period of time. Generally, an optionee can exercise 100% of the options granted after a two year vesting term. Each option agreement expires five years from the date of grant subject to an extension for the number of days between the date of the delisting of the Shares from trading on the TSX-V (December 19, 2008) and the date of the listing and admission to trading of the Shares on the WSE (May 25, 2010).

Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2012 – NEOs

The Shares of the Corporation were halted from trading on the TSX-V on December 10, 2008, and delisted at the Corporation's request on December 19, 2008. The Shares began trading on the WSE on May 25, 2010. The value of the unexercised in-the-money options as at December 31, 2012 has been determined based on the excess of the trading price over the exercise price of such options. The closing price of the Shares on the last day of trading prior to the end of the 2012 fiscal year was \$0.42 per Share (PLN 1.31 per Share).

The following table sets forth all awards outstanding as at December 31, 2012 held by Named Executive Officers, including awards made before the most recently completed year. Grants under the Stock Option Plan are considered to be "option-based awards" under applicable securities laws.

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option exercise date ⁽²⁾	Value of unexercised in-the-money options	Number of Units that have not vested	Market or payout value of Unit-based awards that have not vested
	(#)	(\$) ⁽¹⁾		(\$) ⁽³⁾	(#)	(\$) ⁽³⁾
Timothy M. Elliott	500,000	0.47	12-May-14	-	-	-
	1,995,000	0.69	15-Sept-14	-	-	-
<i>President and Chief Executive Officer</i>	3,000,000	0.62	25-May-15	-	-	-
	1,700,000	0.40	06-Dec-16	22,667	566,667	11,333
	500,000	0.43	13-Aug-17	-	333,333	-
Paul H. Rose	350,000	0.40	02-Oct-13	7,000	-	-
<i>Chief Financial Officer</i>	1,150,000	0.40	15-Sept-14	23,000	-	-
	510,000	0.40	25-May-15	10,200	-	-
	480,000	0.40	06-Dec-16	6,400	160,000	3,200
Trent Rehill	500,000	0.40	15-Sept-14	10,000	-	-
<i>Vice President, Geosciences</i>	1,020,000	0.40	25-May-15	20,400	-	-
	480,000	0.40	6-Dec-16	6,400	160,000	3,200
Jock M. Graham	300,000	0.47	12-May-14	-	-	-
	1,125,000	0.69	15-Sept-14	-	-	-
<i>Executive Vice President</i>	2,850,000	0.62	25-May-15	-	-	-
	1,200,000	0.40	06-Dec-16	16,000	400,000	8,000
	800,000	0.43	13-Aug-17	-	533,333	-
Edwin Beaman	1,000,000	0.40	15-Sept-14	20,000	-	-
<i>Vice President, Operations and Engineering</i>	480,000	0.40	25-May-15	9,600	-	-
	390,000	0.40	06-Dec-16	5,200	130,000	2,600

Notes:

- (1) In October 2009, the Corporation adjusted the exercise price of all share purchase options issued and outstanding as of December 10, 2008 to 82% of the previous exercise price to reflect the effect of the implementation of the plan of arrangement in December 2008 to which the Corporation was a party, and concurrent therewith, changed the currency of the exercise price from Canadian to United States dollars using the exchange rate in effect at September 15, 2009. The Corporation was not listed on any exchange during 2009.
- (2) Reflects the extension of the expiry date granted for the number of days between the date of the delisting of the Shares from trading on the TSX-V (December 19, 2008) and the date of the listing and admission to trading of the Shares on the WSE (May 25, 2010).
- (3) Calculated based on the difference between the closing price of the Shares of \$0.42 on the WSE as at December 31, 2012 and the exercise of the option multiplied by the number of Shares underlying the options.

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table sets forth the value of the awards that vested for each Named Executive Officer under the Stock Option Plan in 2012, as well as non-equity incentive plan compensation earned during the financial year ended December 31, 2012.

	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽¹⁾ (\$)
Timothy M. Elliott <i>President and Chief Executive Officer</i>	-	N/A	-
Paul H. Rose <i>Chief Financial Officer</i>	-	N/A	100,000

	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽¹⁾ (\$)
Trent Rehill <i>Vice President, Geosciences</i>	-	N/A	100,000
Jock M. Graham <i>Executive Vice President</i>	-	N/A	-
Edwin Beaman <i>Vice President, Operations and Engineering</i>	-	N/A	100,000

Note:

(1) Represents cash bonuses paid in 2012.

Termination of Employment and Change of Control Arrangements

Employment Agreements

Timothy Elliott, President and Chief Executive Officer and Jock Graham, Executive Vice President of the Corporation, both of whom are based in Dubai, United Arab Emirates, have executive employment agreements with Kulczyk Oil Ventures Limited, a wholly-owned subsidiary of the Corporation, which provide for compensation in the event of termination of employment from the Corporation without lawful cause. Paul Rose, Chief Financial Officer of the Corporation, has an executive employment agreement directly with the Corporation.

Under the termination provisions of the contracts of Mr. Elliott and Mr. Graham, each would, if terminated without cause or constructively dismissed, be entitled to receive a settlement payment equal to the sum of 18 months of base salary plus 150% of the bonus received by the executive in the previous year; and the pro-rata portion of the current year's bonus calculated to the termination date (based on the previous year's bonus payment). Furthermore, the executive will be entitled to continue in the benefit plans of the Corporation for 18 months from the termination date. If the benefit plans cannot be extended, the Corporation will pay to the executive the cost of the Corporation's premiums for 18 months in lieu of participation in the Corporation's benefit plans.

Under the termination provisions of the contract of Mr. Rose, he would, if terminated without cause or constructively dismissed, be entitled to receive a settlement payment equal to the sum of 12 months of base salary, plus accrued but unused vacation to the date of termination and to continue in the benefit program of the Corporation for 12 months from the termination date. If the benefit plans cannot be extended, the Corporation will pay to Mr. Rose the cost of the Corporation's premiums for 12 months in lieu of participation in the Corporation's benefit plans. In 2013, Mr. Rose's contract was amended to add "plus 100% of the bonus received by the executive in the previous year" to this entitlement.

The employment contracts for the Named Executive Officers referred to above do not provide any termination benefits arising from a change in control of the Corporation.

Except as disclosed above, for the year ended 2012, the Corporation and its subsidiaries have not entered into any agreements with any other Named Executive Officer providing for benefits upon a termination of such agreement.

Stock Options

Options granted to the NEOs terminate immediately upon termination for cause. Unexercised options remaining in the event of termination other than as stated above may be exercised within the lesser of 90 days (six months in the case of the death of the optionee) following termination of employment or prior to expiry of the option exercise period.

Estimated Termination Payment and Benefits

The following table sets out the estimated incremental payments and benefits payable to each of the NEOs at the time of, following, or in connection with, an involuntary or constructive termination. The table below assumes that the triggering event giving rise to the incremental payment took place on the last business day of the Corporation's most recently completed financial year.

Name and Principal Position	Months of Base Salary	Accrued but Unused Vacation	Plus		Months of Benefits Paid	Total Compensation
			Multiple of Bonus ⁽¹⁾	Pro-Rata Portion of Current Year Bonus to Termination Date		
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Timothy M. Elliott <i>President and Chief Executive Officer</i>	702,000	-	450,000	-	53,261	1,205,261
Paul H. Rose <i>Chief Financial Officer</i>	265,000	-	100,000	-	3,414	368,414
Trent Rehill ⁽²⁾ <i>Vice President, Geosciences</i>	240,000	-	-	-	3,414	243,414
Jock M. Graham <i>Executive Vice President</i>	540,000	-	300,000	-	53,229	893,229
Edwin Beaman ⁽²⁾ <i>Vice President, Operations and Engineering</i>	220,000	-	-	-	3,414	223,414

Notes:

(1) In the case of Mr. Elliott, Mr. Rose and Mr. Graham, the multiple of bonus is as defined in their employment contracts.

(2) Dr. Rehill and Mr. Beaman do not have employment contracts with the Corporation.

The NEO employment contracts do not provide for payments or benefits in connection with a voluntary termination, resignation or retirement that do not arise from a change of control.

Retirement Plans

The Corporation has no formal pension, retirement or other long-term incentive compensation plan in place for directors, officers or employees.

Financial Instruments

As part of the Corporation's Insider Trading Policy, Named Executive Officers and directors are prohibited from selling securities of the Corporation if they do not own or have not fully paid for the securities to be sold (short sales). In addition, Named Executive Officers and directors are prohibited from trading in options on the Corporation's securities. Named Executive Officers and directors are not specifically prohibited from purchasing prepaid variable forward contracts, equity swaps or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities (or options in respect thereof) granted as compensation or held, directly or indirectly but are discouraged from doing so. Trades of the Corporation's securities are to be for investment

purposes only and not for short-range speculation and Named Executive Officers and directors are discouraged from frequent trading in the Corporation's securities.

Risk of Compensation Policies and Practices

The board of directors and the Compensation & Corporate Governance Committee have not formally considered the implications of the risks associated with the Corporation's compensation policies and practices. However, the Corporation's compensation practices give greater weight toward long-term incentives than short-term incentives with a view to mitigating the risk of encouraging short-term goals at the expense of long-term sustainability and the enhancement of shareholder value. The discretionary nature of the annual bonus awards and option grants are significant elements of the Corporation's compensation plans and provide the board of directors and the Compensation & Corporate Governance Committee with the ability to reward individual and corporate performance and individual behaviour that the board of directors and the Compensation & Corporate Governance Committee consider to be aligned with the best intent of the Corporation.

COMPENSATION OF DIRECTORS

The non-management directors of the Corporation are paid a retainer of CAD\$1,000 per month and CAD\$1,000 per board or committee meeting. The chairman of the Audit Committee receives an additional CAD\$3,000 per annum. Non-management directors do not receive any other direct compensation for their role as directors of the Corporation other than stock option grants from time to time. All reasonable expenses incurred by directors in their capacity as directors are paid by the Corporation. Management directors (Mr. Holton and Mr. Elliott) do not receive any compensation for acting as directors of the Corporation or for attending committee meetings. The Corporation maintains a director and officer liability insurance policy pursuant to which directors and officers are insured for liabilities which may arise from the conduct of their activities on behalf of the Corporation. The amount of the insurance is, in aggregate, CAD\$10,000,000 per year.

Director Compensation Table

The following table summarizes the compensation paid, payable, awarded or granted to each of the non-executive directors of the Corporation for the year ended December 31, 2012.

Name and principal position	Fees Earned	Share-based awards	Option-based awards ⁽¹⁾	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Gary R. King	33,000	N/A	19,457	N/A	N/A	N/A	-	52,457
Jan J. Kulczyk ⁽²⁾	5,000	N/A	27,235	N/A	N/A	N/A	-	32,235
Manoj N. Madnani	21,000	N/A	27,235	N/A	N/A	N/A	-	48,235
Michael A. McVea	38,000	N/A	62,872	N/A	N/A	N/A	-	100,872
Dariusz Mioduski	20,000	N/A	27,235	N/A	N/A	N/A	-	47,235
Stephen C. Akerfeldt	29,000	N/A	49,551	N/A	N/A	N/A	-	78,551
Helmut J. Langanger	25,000	N/A	48,643	N/A	N/A	N/A	-	73,643

Notes:

- (1) The weighted average fair value of the options granted and the assumptions used in the Black-Scholes option pricing, calculated in accordance with IFRS 2 Share-based payments, are as follows:

	Year ended December 31, 2012
Weighted average fair value per option	\$0.27
Exercise price	\$0.44
Volatility	90.5%
Interest rate	1.23%
Expected life (years)	4
Forfeiture rate	3.33%
Dividends	Nil

- (2) Dr. Kulczyk retired from the board of directors effective May 12, 2012.

Outstanding Share-Based Awards and Option-Based Awards as at December 31, 2012 - Directors

The following table sets forth all outstanding awards held by the non-executive directors of the Corporation as at December 31, 2012. Awards under the Stock Option Plan are considered “option-based awards” under applicable securities laws.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price	Option exercise date ⁽²⁾	Value of unexercised in-the-money options	Number of Units that have not vested	Market or payout value of Unit-based awards that have not vested
	(#)	(\$) ⁽¹⁾		(\$) ⁽³⁾	(#)	(\$) ⁽³⁾
Gary R. King	220,000	0.47	12-May-2014	-	-	-
	280,000	0.69	15-Sept-2014	-	-	-
	200,000	0.40	6-Dec-2016	2,667	66,667	1,333
Jan J. Kulczyk ⁽⁴⁾	1,500,000	0.69	15-Sept-2014	-	-	-
	510,000	0.62	25-May-2015	-	-	-
	200,000	0.40	6-Dec-2016	2,667	66,667	1,333
Manoj N. Madnani	220,000	0.47	12-May-2014	-	-	-
	280,000	0.69	15-Sept-2014	-	-	-
	510,000	0.62	25-May-2015	-	-	-
	200,000	0.40	6-Dec-2016	2,667	66,667	1,333
Michael A. McVea	100,000	0.47	12-May-2014	-	-	-
	200,000	0.69	15-Sept-2014	-	-	-
	200,000	0.40	6-Dec-2016	2,667	66,667	1,333
	300,000	0.43	13-Aug-2017	-	-	-
Dariusz Mioduski	500,000	0.69	15-Sept-2014	-	-	-
	510,000	0.62	25-May-2015	-	-	-
	200,000	0.40	6-Dec-2016	2,667	66,667	1,333
Stephen C. Akerfeldt	510,000	0.60	16-March-2016	-	-	-
	200,000	0.40	6-Dec-2016	2,667	66,667	1,333
Helmut J. Langanger	500,000	0.40	6-Dec-2016	6,667	166,667	3,333

Notes:

- (1) In October 2009, the Corporation adjusted the exercise price of all share purchase options issued and outstanding as of December 10, 2008 to 82% of the previous exercise price to reflect the effect of the implementation of the plan of arrangement in December 2008 to which the

Corporation was a party, and concurrent therewith, changed the currency of the exercise price from Canadian to United States dollars using the exchange rate in effect at September 15, 2009. The Corporation was not listed on any exchange during 2009.

- (2) Reflects the extension of the expiry date granted for the number of days between the date of the delisting of the Shares from trading on the TSX-V (December 19, 2008) and the date of the listing and admission to trading of the Shares on the WSE (May 25, 2010).
- (3) Calculated based on the difference between the closing price of the Shares of \$0.42 on the WSE as at December 31, 2012 and the exercise price of the option, multiplied by the number of Shares underlying the options.
- (4) Dr. Kulczyk retired from the board of directors effective May 12, 2012.

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

During the financial year ended December 31, 2012, 1,700,000 option based awards having an aggregate value of \$11,331,000 vested to non-executive directors of the Corporation and no non-equity incentive plan compensation was paid to non-executive directors of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER SECURITIES COMPENSATION PLANS

The following table sets out information concerning the number and price of securities to be issued under equity compensation plans as at December 31, 2012. The compensation plan of the Corporation under which Shares are authorized for issuance is the Stock Option Plan described above.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders.	41,294,000	\$0.52 per Share	6,881,672
Equity compensation plans not approved by securityholders.	Nil	N/A	N/A
Total	41,294,000	\$0.52 per Share	6,881,672

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness to the Corporation

As at the date hereof no executive officer, director, employee or former executive officer, director or employee of the Corporation or of any of its subsidiaries is: (a) indebted to the Corporation or any of its subsidiaries for any purpose or (b) is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding granted by the Corporation or any of its subsidiaries.

Indebtedness of Directors and Officers to the Corporation

No person that is or was, at any time since the beginning of the Corporation's most recently completed financial year: (i) a director or executive officer of the Corporation, (ii) a proposed nominee for election as a director of the Corporation (iii) or an associate of any such director, executive officer or proposed nominee:

- (a) is, or at any time since the beginning of the Corporation's most recently completed financial year has been, indebted to the Corporation or any of its subsidiaries; or
- (b) is, or at any time since the beginning of the most recently completed financial year has been, the subject of a debt guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set forth below, no informed person of the Corporation, proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any direct or indirect material interest in any transaction since the commencement of the Corporation's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

Arrangement

On April 24, 2013, the Corporation entered into the Arrangement Agreement with Winstar and KI pursuant to which the Corporation proposes to acquire all of the issued and outstanding common shares of Winstar (the "**Winstar Shares**"). Pursuant to the Arrangement, each holder of Winstar Shares (a "**Winstar Shareholder**") will receive, for each Winstar Share, at the Winstar Shareholder's election: (a) CAD\$2.50 in cash (the "**Cash Consideration**"); or (b) 7.555 Shares (the "**Share Consideration**"), subject to a maximum of CAD\$35 million in cash being paid to the Winstar Shareholders in aggregate (the "**Maximum Cash Consideration**"). The Cash Consideration will be funded by a consortium of investors led by KI (the "**Consortium**").

Under the terms of the Arrangement Agreement, the Arrangement will be implemented by way of a statutory plan of arrangement pursuant to the ABCA whereby the Consortium will purchase Winstar Shares from those Winstar Shareholders who elect to receive the Cash Consideration; the Corporation will purchase Winstar Shares from those Winstar Shareholders who elect to receive the Share Consideration; and the Consortium will then tender the Winstar Shares it acquired under the plan of arrangement to the Corporation for the Share Consideration. The Share Consideration received by the Consortium will, pursuant to the terms of the Arrangement Agreement, be subject to a hold period of 180 days following closing of the Arrangement. In the event Winstar Shareholders elect to receive in aggregate more than the Maximum Cash Consideration, an adjustment will be made so that each Winstar Shareholder who elected to receive the Cash Consideration will instead receive a prorated portion of the Maximum Cash Consideration and the balance of the consideration payable to such Winstar Shareholder will be paid as Share Consideration.

Completion of the Arrangement is subject to a number of customary conditions, including that KI shall exercise its option to convert its existing loan to the Corporation, summarized below, into Shares on or prior to the effective date of the Arrangement in accordance with the provisions of the loan agreement in respect of same.

KI Loan

On June 22, 2012, the Corporation finalized an arrangement with KI for the provision of up to \$12.0 million in funding to the Corporation to fund the Corporation's ongoing working capital requirements (the "**KI Loan**"). KI agreed to provide funding by way of the KI Loan to the Corporation for the principal amount of up to \$12 million with a term ending December 31, 2012. Interest is payable at a rate of 15.0% per annum, and the Corporation may at any time prepay the loan in whole or in part.

On December 11, 2012, the Corporation and KI entered into an amended and restated loan agreement to, among other things, extend the term of the KI Loan by one year from December 31, 2012 to December 31, 2013 and make amounts owing under the KI Loan convertible into Shares. As at December 31, 2012, the Corporation had drawn \$10.0 million on the KI Loan. The Corporation received formal notice from KI on May 8, 2013 of its intention to convert, conditional upon the closing of the Arrangement, \$13,369,726 owing thereunder (comprised of \$12,000,000 of principal and \$1,369,726 accrued and unpaid interest up to and including June 20, 2013) into Shares. Based upon the volume weighted average trading price of Shares on the WSE during the five trading days immediately prior to but excluding May 8, 2013, the date of the conversion election notice, the Corporation will issue 31,832,681 Shares to KI upon closing of the Arrangement (assuming the closing of the Arrangement occurs effective June 21, 2013). As the conversion of outstanding principal and interest under the KI Loan pursuant to the conversion election notice is conditional upon the closing of the Arrangement, should the Arrangement not close, the KI Loan will not be converted into Shares and will remain outstanding.

KI/Radwan Convertible Debentures

On August 11, 2011, the Corporation issued unsecured convertible debentures to KI and Radwan (the “**KI/Radwan Debentures**”). The total amount available under the KI/Radwan Debentures was \$23.5 million, bearing interest at a rate of 8.0% per annum, payable annually. Notices of conversion were received prior to August 11, 2012, and shortly thereafter, the \$23.5 million principal and all accrued interest were converted to 60,499,029 Shares. The KI/Radwan Debentures also included a provision for an implied additional 12.0% in interest to be paid in Shares upon conversion.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Board of Directors

The board of directors of the Corporation is currently comprised of eight directors. Four of the Corporation’s eight directors, being Mr. Akerfeldt, Mr. King, Mr. McVea and Mr. Langanger, are “independent” (as defined in National Instrument 58-101 – *Corporate Governance Disclosure*). The board has concluded that Mr. Elliott and Mr. Holton, as Executive Officers of the Corporation, and Mr. Mioduski and Mr. Madnani, as executive officers of KI (which owns approximately 49.99% of the issued and outstanding Shares of the Corporation), are not independent. To facilitate the exercise of independent judgment in carrying out its responsibilities, the board has ensured that all of its committees are comprised of independent directors or, in the case of Mr. Madnani’s membership on the Compensation & Corporate Governance Committee, that he is independent of management of the Corporation.

Directorships

The following table sets forth the directors of the Corporation who currently hold directorships with other reporting issuers, together with the name of such issuer and the exchange upon which it trades:

Director	Issuer
Timothy M. Elliott	Jura Energy Corporation (Toronto Stock Exchange (“ TSX ”)) Loon Energy Corporation (TSX-V)
Norman W. Holton	Loon Energy Corporation (TSX-V)
Gary R. King	Parker Drilling Company (New York Stock Exchange) WHL Energy Ltd. (Australian Securities Exchange)
Manoj N. Madnani	Loon Energy Corporation (TSX-V)
Michael A. McVea	Loon Energy Corporation (TSX-V)
Stephen C. Akerfeldt	Jura Energy Corporation (TSX) Armistice Resources Corp. (TSX)
Helmut J. Langanger	Schoeller-Bleckmann Oilfield Equipment AG (Vienna Stock Exchange) EnQuest plc (London Stock Exchange)

Independence of Directors

For each committee on which the independent directors sit, they hold regularly scheduled *in camera* sessions at which non-independent directors and members of management are not in attendance. The current independent members of the board have been selected on the basis of their knowledge and years of industry experience and actively participate in board discussions and decisions; the board meets on a regular basis, as do committees of the board to fulfill their respective mandates.

At the board level, open and candid discussion of the independent directors is facilitated through regularly scheduled *in camera* sessions at which non-independent directors and members of management are not in attendance.

The Chairman of the board, Mr. Mioduski, is not an independent director. The board of directors has no lead director nor other formal procedures in place to provide leadership for its independent directors. However, the Chairman endeavours to work with the independent directors to ensure that they understand their responsibilities and those of management and to ensure that *in camera* sessions are held. Where warranted, independent directors have the ability to engage outside advisors at the Corporation's expense to assist in the fulfilment of their duties.

Attendance Record

The following table reflects the attendance record for each of the Corporation's current directors at meetings of the board and committee meetings since January 1, 2012 up to the date of this Information Circular.

Name	Board (11 meetings)	Committees ⁽¹⁾		
		Audit (7 meetings)	Reserves (4 meeting)	Compensation & Corporate Governance (5 meetings)
Timothy M. Elliott	11	7	3	5
Norman W. Holton	11	7	3	5
Gary R. King	10	7	3	5
Manoj N. Madnani	11	N/A	N/A	4
Michael A. McVea	11	7	4	5
Dariusz Mioduski	11	N/A	1	N/A
Stephen C. Akerfeldt	11	7	N/A	N/A
Helmut J. Langanger	11	N/A	3	N/A

Note:

- (1) Mr. Elliott and Mr. Holton are executive directors of the Corporation who attend most committee meetings but are not members of the committees. Any director who is not a member of a committee has the option of attending committee meetings.

Board Mandate

A copy of the mandate for the board of directors of the Corporation is attached as Appendix "I" to this Information Circular.

Position Descriptions

In addition to the general position descriptions respecting the Chairman, Vice Chairman, President and Vice President offices of the Corporation established in the by-laws of the Corporation, the officers act under the direction of the board and in accordance with applicable law, including the ABCA.

The Corporation has terms of reference for the Chief Executive Officer, which set out his or her general and specific duties and responsibilities.

The duties and responsibilities of the chairs of the Corporation's committees are set out in the committees' terms of reference.

Orientation and Continuing Education

The board ensures that prospective candidates fully understand the role of the board and its committees and the contribution that individuals are expected to make. No formal continuing education measures are currently in place for the directors. However, all directors are encouraged to participate in educational opportunities for directors that are available through third parties.

Ethical Business Conduct

The board has adopted a Code of Business Conduct and Ethics (the “**Code**”) for its directors, officers and employees which is designed to provide guidance on the conduct of the Corporation’s business in accordance with high ethical standards. The Code provides that certain personnel of the Corporation may be asked to certify their review of, and compliance with, the Code from time to time. A hard copy of the Code may be requested by contacting R. Yaniv at the Corporation’s Calgary office address. In addition, the board believes that the fiduciary duties placed on individual directors by the Corporation’s governing corporate legislation, the common law and the restrictions placed by applicable corporate and securities legislation on an individual director’s participation in decisions of the board in which the director has an interest have been sufficient to ensure that the board operates independently of management and in the best interests of the Corporation. The board also adopted an Anti-Corruption Compliance Policy in 2013.

Audit Committee

Details concerning the Audit Committee of the Corporation and external auditor service fees are contained in the Annual Information Form of the Corporation for the year ended December 31, 2012 under the heading “Audit Committee”, as filed on the SEDAR website at www.sedar.com.

Nomination of Directors

All members of the board are cognizant of the potential need to identify prospective new board members. Due to the current size of the board and the fact that there are no mandatory terms or term limits, the Corporation expects that, in most circumstances, it will receive adequate notice to replace any current member of the board who should wish to retire. The Compensation & Corporate Governance Committee, as a part of its mandate, has the responsibility of identifying and recommending potential nominees and the majority of members of the Compensation & Corporate Governance Committee are independent directors.

Compensation

The Corporation has established a Compensation & Corporate Governance Committee, of which two of the three members, being Mr. King and Mr. McVea, are independent directors. The third member, Mr. Madnani, is a member of the Management Board of KI, which owns approximately 49.99% of the issued and outstanding Shares, and is independent of the management of the Corporation. With respect to compensation matters, the Compensation & Corporate Governance Committee considers the appropriate compensation for members of the board including the chairman of any committee of the board on an annual basis by evaluating general industry marketplace practices, the roles and responsibilities required by the members of the board and by benchmarking the compensation of board members in comparison with the compensation of suitable peer groups and makes recommendations to the board regarding same. The Compensation & Corporate Governance Committee’s duties and responsibilities respecting compensation matters also include, but are not limited to, the following:

- (1) recommending for approval to the board the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer, with reference to corporate goals and objectives, and to approve compensation for all other designated officers of the Corporation after considering the recommendations of the Chief Executive Officer, all within the human resources and compensation policies and guidelines approved by the board;
- (2) establishing procedures to ensure that no individual is directly involved in deciding his or her own compensation;
- (3) implementing and administering human resources and compensation policies approved by the board concerning:
 - executive compensation, contracts, stock option and other incentive plans; and
 - proposed personnel changes involving officers reporting to the Chief Executive Officer;

- (4) considering, on an annual basis, the Corporation's incentive compensation plans and equity compensation plans; and
- (5) reviewing with the Chief Executive Officer the Corporation's broad policies on compensation for all employees.

In addition to the compensation and nomination arms of this committee, the purpose of the corporate governance component to this committee is to assist the board in implementing and administering a system of corporate governance which reflects acceptable standards of corporate governance practices.

Other Board Committees

In addition to the Audit Committee and the Compensation & Corporate Governance Committee, the board has established the Reserves Committee, which has the general responsibility of overseeing the evaluation of the Corporation's petroleum and natural gas reserves. Messrs. King, McVea and Langanger are the current members of this committee.

Assessments

The Compensation & Corporate Governance Committee is responsible by its terms of reference for evaluation of the effectiveness of the board of directors, committees of the board and individual directors. The committee evaluates board effectiveness through both its formal and informal communications with members of the board. The Compensation & Corporate Governance Committee, with the participation of the senior executive officers of the Corporation, may recommend changes to enhance board performance based in relation to current industry and regulatory expectations. This methodology has been both responsible and practical.

AUDITOR

The auditor of the Corporation is KPMG LLP, Chartered Accountants, with offices at 2700, 205 – 5th Avenue S.W., Calgary, Alberta, Canada. KPMG LLP was appointed as the Corporation's auditor on December 31, 2003.

MANAGEMENT CONTRACTS

No management functions of the Corporation or any of its subsidiaries are to any substantial degree performed other than by the directors or executive officers of the Corporation or subsidiary.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on the SEDAR website at www.sedar.com and on the Corporation's website at www.kulczykoil.com. Financial information is provided in the Corporation's consolidated financial statements and management's discussion and analysis ("MD&A") for its most recently completed financial year. A copy of the Corporation's consolidated financial statements, together with the MD&A, will be provided to any Shareholder upon request to the Vice Chairman of the Corporation, Mr. Norman W. Holton, at Suite 1170, 700 - 4th Avenue S.W., Calgary, Alberta, Canada, T2P 3J4, or by telephone at +1-403-264-8877.

APPENDIX “T”

MANDATE OF THE BOARD OF DIRECTORS

Adopted by the Board of Directors on December 21, 2006.

PURPOSE

The Board of Directors (the “**Board**”) of the Corporation has the responsibility to oversee the business of the Corporation and the activities of the Corporation's management, which is responsible for the day-to-day conduct of the Corporation's business. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable, safe and ethical manner. In performing its functions, the Board should also consider the legitimate interests of its other stakeholders, such as employees, customers and communities may have in the Corporation. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the enterprise.

PROCEDURES AND ORGANIZATION

The Board operates by delegating certain of its authorities to management and by preserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board and constituting committees of the full Board. Subject to the Articles and By-Laws of the Corporation and the Business Corporations Act (Alberta), the Board may constitute, seek the advice of and delegate its powers, duties and responsibilities to committees of the Board.

DUTIES AND RESPONSIBILITIES

The Board's principal duties and responsibilities fall into a number of categories, which are outlined below.

1. Legal Requirements
 - (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained.
 - (b) The Board has the statutory responsibility to:
 - (i) manage the business and affairs of the Corporation;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the Business Corporations Act (Alberta) and the regulations thereto, the Corporation's Articles and By-Laws, the Securities Act of each province and territory of Canada, and other relevant legislation, regulations and regulatory authorities.
 - (c) The following matters may not be delegated to management or to a committee of the Board and must be considered by the full Board:
 - (i) The submission to the shareholders of a question or matter requiring the approval of the shareholders.
 - (ii) The filling of a vacancy among the Directors or in the office of auditor.
 - (iii) The issuance of securities of the Corporation, other than options to purchase securities of the Corporation.

- (iv) The declaration of dividends.
- (v) The purchase, redemption or any other form of acquisition of securities issued by the Corporation.
- (vi) The payment of a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.
- (vii) The approval of management proxy circulars.
- (viii) The approval of any take-over bid circular or directors' circular.
- (ix) The approval of financial statements of the Corporation.
- (x) The adoption, amendment or repeal of By-Laws of the Corporation.

2. Independence

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management. To this end, the Board shall be comprised of a majority of members who would be considered “independent” within the meaning of applicable securities laws.

The independent directors shall meet regularly at which non-independent directors and members of management are not in attendance.

3. Strategy Determination

The Board has the responsibility to ensure there are long-term goals and a strategic planning process in place for the Corporation and to participate with management directly or through its committees in developing and approving the strategy by which it proposes to achieve its goals.

4. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks undertaken and the potential return to shareholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. Appointment Training and Monitoring Senior Management

The Board has the responsibility to:

- (a) appoint the Chief Executive Officer (the “CEO”), to monitor and assess CEO performance, to determine CEO compensation, and to provide advice and counsel in the execution of the CEO's duties;
- (b) approve the appointment and remuneration of all corporate officers, acting upon the advice of the CEO; and
- (c) ensure that adequate provision has been made to train and develop management and for the orderly succession of management.

6. Policies Procedures and Compliance

The Board has the responsibility to:

- (a) ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;

- (b) approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (c) ensure the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation; and
- (d) ensure the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace.

7. Reporting and Communication

The Board has the responsibility to:

- (a) ensure the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (b) ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (c) ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- (d) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (e) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year.

8. Monitoring and Acting

The Board has the responsibility to:

- (a) monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) take action when performance falls short of its goals and objectives or when other special circumstances warrant; and
- (c) ensure that the Corporation has implemented adequate control and information systems which ensure the effective discharge of its responsibilities.