

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES FOR 2016

1. Statement of compliance with Corporate Governance principles under Polish regulations

This statement summarizes Serinus Energy Inc.'s ("Serinus" or "Company") compliance with the corporate governance principles in 2016 and includes the elements listed in art. 91 section 5 point 4 of the *Decree of the Minister of Finance of the Republic of Poland of February 19, 2009 on current and periodic information submitted by the issuers of securities and the conditions for recognizing information required by the laws of a non-Member State as equivalent* (Dz. U. of 2014, item 133, as amended).

2. Indicating the applied set of corporate governance rules

Serinus is incorporated under the laws of the Province of Alberta, Canada under the Business Corporations Act (Alberta) ("ABCA"). The Company complies with the applicable laws of the Province of Alberta, Canada, ABCA and corporate governance regulations issued by the Securities Commissions in Canada.

As an issuer listed on the Warsaw Stock Exchange, Poland ("WSE"), from 1 January 2016 onwards the Company is subject to recommendations and rules contained within the "*Code of Best Practice for WSE Listed Companies 2016*" ("**Code of Best Practice WSE 2016**"). These rules were adopted by the WSE Supervisory Board on 13 October 2015 (Annex to the Resolution No. 27/1414/2015) and are accessible at:

https://www.gpw.pl/regulations_best_practices

https://static.gpw.pl/pub/files/PDF/RG/DPSN2016_EN.pdf

For information on the Company's compliance with the recommendations and rules of the Code of Best Practice WSE 2016, please refer to the website:

<http://investor.serinusenergy.com/en/ir/investor-relations/corporate-governance/best-practice>

http://investor.serinusenergy.com/file/static/12328/45/gpw_dobre_praktyki_serinus_3.pdf

3. Indication of the rules of the Code of Best Practice for WSE 2016 Listed Companies which were not applied by the Company

Due to differences between the Polish and Canadian legal systems, the Code of Best Practice WSE 2016 rules apply to the Company only to the extent permitted by Alberta law and the Articles and by-laws of Serinus. In particular, Serinus does not have two separate governing bodies (a supervisory board and a management board) which are obligatory in Polish joint stock companies. Serinus has a Board of Directors (the "Board") which performs the combined roles of a supervisory board and a management board. Where the Company is unable to comply directly with the Code of Best Practice WSE 2016 rules which concern relations between a supervisory board and a management board, it does so in a general manner with reference to their general intention.

Considering the above qualification, the Company did not comply at all, or did not comply fully with, the following Code of the Best Practice WSE 2016 rules in 2016:

Recommendation I.R.2. *Where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report.*

The Company does not include such information in its annual activity report.

Rule I.Z.1.10. *financial projections, if the company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation;*

The Company does not publish financial forecasts.

Rule II.Z.3. *At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.*

The Company is an entity with its registered seat in Canada, hence Canadian independence criteria are primarily applicable. These criteria are in line with, but not identical to, the European independence criteria as stated in Annex II to the Commission Recommendation 2005/162/EC. As at the end of 2016 and during the year at least two members of the Board met the Canadian independence criteria at the end of 2016.

Rule II.Z.4. *Annex II to the European Commission Recommendation of 15 February 2005 “Commission Recommendations” on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members. Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company.*

The Company applies Canadian independence criteria which are in line with, but not identical to, the European independence criteria as stated in Annex II to the Commission Recommendation 2005/162/EC.

Rule II.Z.5. *Each supervisory board member should provide the other members of the supervisory board, as well as the company’s management board, with a statement of meeting the independence criteria referred to in principle II.Z.4.*

This principle is not applied as set out in the Code of Best Practice for WSE 2016”,

However:

- 1) the Company applies Canadian independence criteria, and
- 2) tasks and responsibilities of the Compensation and Corporate Governance Committee include conducting analyses and reporting to the Board of Directors regarding the independence of each director and the number and appropriateness of the number of independent directors.

Rule II.Z.7. *Annex I to the Commission Recommendations referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.*

The Company has not applied the provisions of Annex I of the Commission Recommendations to the tasks and operation of the Board committees. However, the solutions implemented by the Company in this regard on the basis of Canadian law are generally in line with (although not identical to) the European solutions.

Rule II.Z.8. *The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4.*

The principle is not applied. Chairman of the Audit Committee meets Canadian independence criteria.

Rule II.Z.10.1 *An assessment of the company's standing, including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;*

The Company does not publish reports of its Board. Furthermore, Canadian law does not provide for an assessment of the situation of the company by the Board of Directors within the meaning of the Code of Best Practice WSE 2016, including assessment of the internal control system and the management system of the Company's material risks, and it does not provide for sponsorship policy evaluation. Equivalent, to some extent, are reports and evaluations made in the preparation, review and approval of the annual financial statements and management's discussion and analysis ("MD&A"). The annual financial statements and MD&A are approved by the Board of Directors before filing. The Chief Executive Officer and the Chief Financial Officer certify annually as to the design and effectiveness of internal controls over financial reporting (Form 52-109F1 and Form 52-109F2). Risks are disclosed in the MD&A and Annual Information Form ("AIF"). The AIF also includes disclosures on the activity of the Audit Committee and other committees of the Company. Information concerning the composition of the Board of Directors, the number of its meetings and committees are contained in the Information Circular prepared annually in conjunction with the Annual General Meeting.

Rule II.Z.10.2 *A report on the activity of the supervisory board containing at least the following information:*

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board;

Reasoning is set out in the commentary to II.Z.10.1

Rule II.Z.10.3 *An assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities;*

Reasoning is set out in the commentary to II.Z.10.1

Rule II.Z.10.4 *An assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.*

Reasoning is set out in the commentary to II.Z.10.1

Rule III.Z.1. *The company's management board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function.*

The Company has a Board which performs the roles of a supervisory board and a management board. The Board is responsible for supervising the business of the Company and the activities of the Company's management, who are responsible for conducting the day-to-day business of the Company. The Board, acting through the Chief Executive Officer, sets the standards of conduct for the Company. The Board has the responsibility to recognize the principal risks of the business which the Company is engaged in 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 Company.

Rule III.Z.3. *The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.*

The duties and responsibilities of the Audit Committee include monitoring of the qualifications and the performance of the internal auditors, if any, and periodic review of the internal audit function with respect to the organization,

staffing and effectiveness of the internal audit department. There is no dedicated internal auditor in the Company. The Audit Committee is composed in 2/3 of people who meet the Canadian independence criteria.

Rule III.Z.4. *The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report.*

The Company was established under Canadian law. The Board, comprised of both outside (i.e. independent, non-executive) and inside (i.e. executive) directors, acts as the supervisory and control authority of the Company. The overall supervision of the management of the Company's business is vested in the Board and the President & Chief Executive Officer ("CEO") to whom the Board has delegated the day-to-day management of the Company, other than in relation to certain matters specifically delegated to the Board by the ABCA. The office of executive director is now held by one of the six members' Board, who is also the Company's CEO. In addition, the Company has an Audit Committee consisting solely of non-executive directors. There is no dedicated internal auditor in the Company.

Rule III.Z.5. *The supervisory board should monitor the efficiency of the systems and functions referred to in principle III.Z.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and make an annual assessment of the efficiency of such systems and functions according to principle II.Z.10.1. Where the company has an audit committee, it should monitor the efficiency of the systems and functions referred to in principle III.Z.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.*

Canadian law does not provide for an assessment of the situation of the company by the Board of Directors within the meaning of the Code of Best Practice WSE 2016, including assessment of the internal control system and the management system of the Company's material risks; however, equivalent - to a certain extent - are reports and evaluations contained in other published documents (see commentary to principle II.Z.10.1). At the same time, necessary monitoring systems and control mechanisms are in place at the Company, particularly with regard to financial and operational reporting, as required under Canadian law. These allow the Board to carry out effective supervision of the Company's operations and activities undertaken by the Company's management.

Recommendation IV.R.2. *If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:*

- 1) *real-time broadcast of the general meeting;*
- 2) *real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;*
- 3) *exercise of the right to vote during a general meeting either in person or through a plenipotentiary.*

The Company provides Shareholders with real-time broadcasts of Shareholders Meeting. Furthermore, Serinus' By-Laws provide that a Shareholder may participate in a Shareholders meeting by telephone or other communication methods that permit all persons participating in the meeting to hear each other. A person participating in a meeting by such means is deemed for the purposes of the ABCA to be present at the meeting. Participation in a Shareholders' Meeting by means of remote communications includes the ability to cast votes by means of remote communications. However, such participation is available only to Registered Shareholders whose names appear on the register of Shareholders maintained by the Company. Most individual investors do not hold shares in their own name; rather, the shares are held by intermediaries who are Registered Shareholders. To exercise their rights, including the right to vote, a shareholder other than a Registered Shareholder, should follow the procedures and legal means available under the agreement with the intermediary.

Rule IV.Z.4. *If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board should immediately take the steps required to be taken in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.*

The General Meeting of Shareholders of the Company shall be convened and conducted in accordance with the provisions of the Business Corporations Act (Alberta), the Statute and By-Laws No. 1.

Recommendation VI.R.1. *The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.*

The Company has no formal policy regarding compensation. Compensation of the Company's executive officers is determined by the taking into account recommendations of the Compensation and Corporate Governance Committee. The responsibilities of the Committee are to recommend to the Board, implement and oversee compensation policies, including executive compensation, contracts, stock options or other incentive plans. The Committee reviews compensation of executive officers and directors annually and periodically compares compensation to industry benchmarks. Based on the review, the Committee provides its recommendations to the Board. The Committee may use external consultants if necessary. Detailed information on compensation is presented in the annual Information Circular published for the Annual General Meeting.

Recommendation VI.R.3. *If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.*

The Compensation and Corporate Governance Committee follows Canadian law and not the provisions of Annex I to the Commission Recommendations (where the solutions are generally in line although not identical).

Rule VI.Z.2. *To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years.*

The Company ties compensation to long-term objectives by issuing share purchase options. The share purchase options issued before 2016 have a five year term and vest one-third immediately while the remaining two-thirds vest one-third per year, on the anniversary of the grant date. For options granted in 2016, the option term is 7 years and they vest one third on each of the first three anniversary dates of the option grants.

Rule VI.Z.3. *The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.*

Members of the Board of Directors may be granted stock options from time to time.

Rule VI.Z.4. *In this activity report, the company should report on the remuneration policy including at least the following:*

- 1) *general information about the company's remuneration system;*
- 2) *information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;*
- 3) *information about non-financial remuneration components due to each management board member and key manager;*

- 4) significant amendments of the remuneration policy in the last financial year or information about their absence;
5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

Detailed information regarding salaries of executive officers and directors is contained in the Information Circular documents for the Annual General Meeting, in accordance with the Canadian regulatory requirements.

4. Description of core features of the Company's internal control and risk management systems in relations to the preparation of financial statements

There have been no material changes to the Company's internal controls over financial reporting during 2016.

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Company has developed and maintains systems of controls, policies and procedures in order to provide reasonable assurance that assets are properly safeguarded, and that the financial records and systems are appropriately designed and maintained, and provide relevant, timely and reliable financial information to Management.

The Company's Chief Executive Officer and the Chief Financial Officer of the Company have designed DC&P and ICFR, or caused them to be designed under their supervision, to provide reasonable assurance that all material information required to be disclosed by Serinus in its annual filings and interim filings is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation, and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. The ICFR is based on criteria established in 'Internal Control -Integrated Framework' issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in 2013. The Board has the responsibility to ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis as well as to ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards. The annual and interim financial statements must be approved by the Board before the statements are filed; the Board approves accompanying MD&A, which complements the Company's financial statements. The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board has established an Audit Committee. The Audit Committee reviews with management and the external auditors any significant financial reporting issues, the Consolidated Financial Statements, and any other matters of relevance to the parties. The Audit Committee meets quarterly with the Company's external auditors to review accounting, internal control, financial reporting, and audit matters. The Audit Committee meets quarterly to review and to recommend to the Board approval of the interim financial statements prior to their release, as well as annually to review the Company's annual Consolidated Financial Statements and MD&A and to recommend their approval to the Board of Directors. The external auditors have unrestricted access to the Company, the Audit Committee and the Board of Directors.

5. Shareholders with a significant stake

The Management of Serinus Energy Inc. is aware of only two shareholders holding more than 5% of the common shares of the Company, as at the 31 December 2016:

Shareholder	Number of shares held	Number of votes held	Percentage share in total number of votes
Kulczyk Investments S.A.	39,909,606	39,909,606	50.8%
Pala Assets Holdings Ltd.	5,880,484	5,880,484	7.5%

On February 24, 2017 the Management of Serinus Energy Inc. announced the closing of its previously announced marketed offering of 72,000,000 common shares in the capital of the Company at a price of CAD 0.35 per share for aggregate gross proceeds of CAD 25.2 million. The Offering was the subject of the current reports No. 2/2017, 7/2017, 8/2017 and 10/2017. After closing of the offering, the total number of the Company's shares is 150,629,941 common shares (before the closing of the offering, the Company had 78,629,941 common shares issued), and each share confers one vote. The share capital of the Company after the increase has increased from US\$ 344.5 million to US\$ 362.5 million.

On February 24, 2017 Serinus Energy Inc. received from Quercus Towarzystwo Funduszy Inwestycyjnych S.A. (acting on behalf of investment funds under management: QUERCUS Parasolowy SFIO, QUERCUS Absolutnego Zwrotu FIZ, QUERCUS Absolute Return FIZ and QUERCUS Multistrategy FIZ, hereinafter the "Funds") the notification dated February 24, 2017 regarding acquisition of shares of the Company. The Funds have jointly exceeded the threshold of 5% of the total vote in the Company in connection with the acquisition of new issue shares and an increase of the share capital of the Company. As at 24 February 2017 the Funds held 7,900,329 shares of the Company representing 5.24% of the share capital of the Company. The shares held confer 7,900,329 votes at the General Shareholders Meeting of Serinus (the "General Meeting"), representing 5.24% of the total vote at the General Meeting.

On March 1, 2017 Serinus Energy Inc. received from Kulczyk Investments S.A. ("KI") notification dated February 28, 2017 regarding acquisition of shares of the Company and increase of the current share in the total number of votes at the General Meeting by 1.41% of the total number of votes. In result of the increase of the share capital of the Company on February 24, 2017 KI subscribed for 38,693,049 shares of the Company conferring the same number of votes at the General Meeting. After the change, KI holds 78,602,655 shares of the Company representing 52.18% of the share capital. This number of shares confers 78,602,655 votes, which constitute 52.18% of the total number of votes at the General Meeting.

Thus, as at the date of issuing this report, the Management of Serinus Energy Inc. is aware of the following shareholders holding more than 5% of the common shares of the Company:

Shareholder	Number of shares held	Number of votes held	Percentage share in total number of votes
Kulczyk Investments S.A.	78,602,655	78,602,655	52.18%
Pala Assets Holdings Ltd.	11,266,084	11,266,084	7.48%

QUERCUS Towarzystwo Funduszy Inwestycyjnych S.A.	7,900,329	7,900,329	5.24%
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6. Shareholders with special control powers

The Company has not issued securities which would grant special control rights in respect of the Company.

7. Limitations regarding exercise of the voting rights from the existing shares conferred

Each Serinus Share entitles the Registered Shareholder, as at the record date set for the meeting, to attend a meeting of the Shareholders, either in person or by proxy, to address matters that are properly brought before the meeting and to exercise voting rights. To be represented at a meeting of the Shareholders, Registered Shareholders who are unable to attend a meeting in person should submit a form of proxy to the Company. Each Serinus Share entitles the Registered Shareholder to one vote. Subject to the quorum requirements specified in the By-laws, there is no minimum shareholding required to be able to attend or vote at a meeting of the Shareholders. Pursuant to the By-laws of the Company, other than as set forth below, the quorum required for resolutions to be valid is two or more persons present in person at the meeting and representing in person or by proxy not less than 5% of the issued and outstanding Serinus Shares entitled to vote at the meeting. Pursuant to the ABCA, only the Registered Shareholders that, as the record date scheduled for the Shareholders' meeting, are holders of record on the Shareholder Register maintained by the Company may participate and vote at the shareholders' meeting. Beneficial Shareholders, whose names do not appear on the Shareholder's registry and who either wish to attend the meeting and vote such Serinus Shares or to have such Serinus Shares voted by proxy, will be required to direct the entity on whose behalf such Serinus Shares are registered, to complete the necessary documents for that to occur. Beneficial Shareholder may attend at the meeting as proxy holder for the Registered Shareholder and vote the shares in that capacity. Registered Shareholders, whose Serinus Share ownership is directly registered in the Shareholders' registry, will receive the notice by ordinary mail, which should be sent to such Registered Shareholders at least 21 days and not more than 50 days prior to any meeting.

8. Limitations regarding the transfer of ownership of the Company's securities

There are no limitations regarding the transfer of ownership of the Company's securities, that the Company is aware of.

9. Rules on appointing and dismissing managing and supervising persons and their powers, in particular the power to decide on issuance and redemption of shares

Members of the Board are appointed subject to section 107 of the Act; the shareholders of the Corporation shall, by ordinary resolution at the first meeting of shareholders and at each succeeding annual meeting at which an election of directors is required, elect directors to hold office for a term expiring not later than the close of the third annual meeting of shareholders following the election. A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of shareholders following his election but, if qualified, is eligible for re-election. If directors are not elected at a meeting of shareholders, the incumbent directors continue in office until their successors are elected. If a meeting of shareholders fails to elect the number or the minimum number of directors required by the articles by reason of the disqualification or death of any candidate, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum.

Members of the Board are dismissed subject to sections 107(g) and 109 of the Act; the shareholders of the Corporation may by ordinary resolution at a special meeting remove any director from office before the expiration of his term of office and may, by a majority of votes cast at the meeting, elect any person in his stead for the remainder of his term.

10. Rules for amendments to the Company's Articles of Incorporation

The ABCA requires certain fundamental changes to a corporation's articles of incorporation to be approved by a resolution of its registered shareholders approved at a meeting of shareholders by a vote of not less than two-thirds of the votes cast by eligible holders of shares entitled to vote on the proposed amendment. An amendment to the Articles of the Issuer requiring above mentioned voting includes:

- (a) change the name of the Issuer;
- (b) add, change or remove any restriction on the business that the Issuer may carry on;
- (c) add, change or remove any rights, privileges, restrictions and conditions in respect of all or any of its Serinus Shares, whether issued or unissued; or
- (d) add, change or remove any restrictions on the transfer of Serinus Shares;

11. Mode of operation of the General Meeting of the Company and the rights of shareholders and the manner of their execution

Differences between the rights of Shareholders depend on Shareholders' status. In the Canadian legal system, a concept of a 'registered owner (shareholder)' and 'beneficial shareholder (owner)' exists. This concept is unknown to the Polish legal system. A person is a registered owner of shares if the shares are registered in their name in the shareholders' register (which for the Company is held by Computershare). A person is a beneficial owner of shares if they have an equitable right to the shares, irrespective of whether the shares are registered in their name in the shareholders' register or not. In Canada, most individual investors do not hold shares in their own name; rather, the shares are held by intermediaries who are registered shareholders. The individuals purchasing the shares through an intermediary, such as a broker or a bank, are called 'beneficial' or 'nonregistered' shareholders, as opposed to 'registered' shareholders. Equitable or beneficial ownership (granted to Beneficial Shareholders) is in contrast to legal ownership (granted to Registered Shareholder). A legal owner (Registered Shareholder) has a title to the shares, although legal title may carry no rights to the underlying economic rights or incidents of ownership to the property. Equitable or beneficial ownership means that while a person (as Beneficial Shareholder) may not have title to the shares, they have rights which are the normal incidents of owning the shares (e.g. dividend rights, voting rights, liquidation rights). If a person is a Registered Shareholder, they are able to enforce their rights directly against the Company. In order for Beneficial Shareholders to pursue the rights available to them as shareholders, such Beneficial Shareholders must engage the legal procedures and remedies available to them based upon their contractual relationship with their broker.

Under the ABCA, any amendment to the rights of Shareholders requires an amendment to the Articles or By-laws of the Company. As of the day of this report, there are no provisions in the Articles and By-laws discriminating against or favoring any existing or prospective beneficial holder of the Serinus Shares other than provisions relating to Preferred Shares that may be issued from time to time. As at the date of this report, there are no issued and outstanding Preferred Shares.

Registered Shareholders holding the Serinus Shares are entitled to:

- (a) one vote per Serinus Share at Shareholders' Meetings,
- (b) to receive dividends if, as and when declared by the Board of Directors, and
- (c) to receive pro rata the remaining property and assets of the Company upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Serinus Shares.

The following summary of certain provisions of the Serinus Shares does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Articles and by the provisions of the ABCA.

Annual and special meetings of shareholders are held at times and places designated by the Board of Directors. Pursuant to the Articles of the Company, meetings of Shareholders may be held inside or outside of the Province of Alberta. An annual meeting of shareholders is required to be held not later than 15 months after the holding of the preceding annual meeting, however a corporation may apply to the Alberta courts for an order extending the time in which the next annual meeting shall be held. A special meeting of the Shareholders may be called by the Board of Directors or at the request in writing of registered and beneficial shareholders possessing at least 5% of the issued and outstanding Serinus Shares that carry the right to vote at the meeting sought to be held.

At each annual meeting of the Company, the annual audited financial statements of the Company for the preceding financial year are presented, the members of the Board of Directors are elected for the ensuing year and the auditors of the Company are appointed. No other business is required by the ABCA to be conducted at an annual meeting of shareholders. In addition, TSX rules require that every three years after the institution of a security based compensation arrangement that does not have a fixed maximum number of securities issuable, such as the Company's Stock Option Plan, all unallocated Options must be approved by the Company's Shareholders. Approval of the Registered Shareholders is required, subject to certain exceptions, for a number of significant matters by the ABCA, including but not limited to:

- the election of directors (except that in certain circumstances the Board of Directors may appoint a director to fill a vacancy on the Board of Directors);
- amendments to the Articles;
- a business combination with another company;
- a change in the Company's domicile of organization; and
- the sale, lease or exchange of all or substantially all of the Company's property.

Should the Registered Shareholder be required to vote on any such significant matters, the Registered Shareholder will seek voting instructions via a voting instruction form provided by or on behalf of a broker or other intermediary, whose purpose is to instruct the registered holder how to vote on the Beneficial Shareholder's behalf. Unless otherwise required by the Articles or the ABCA, all resolutions to be considered by the Shareholders at a duly convened meeting will be adopted by a simple majority of the votes of Shareholders present and voting, or represented by proxy. The following matters require a vote of not less than two-thirds of the votes of Shareholders present and voting, or represented by proxy:

- (a) an amendment to the Articles of the Company, including a change so as to
 - change the name of the Company;
 - add, change or remove any restriction on the business that the Company may carry on;
 - add, change or remove any rights, privileges, restrictions and conditions in respect of all or any of its Serinus Shares, whether issued or unissued; or
 - add, change or remove any restrictions on the transfer of Serinus Shares;
- (b) the merger of the Company with another entity;
- (c) the sale, lease or other disposition of all or substantially all of the assets of the Company;
- (d) the dissolution, winding-up or liquidation of the Company; and
- (e) any other matter which the laws of Alberta require.

12. Composition and mode of operation of the management and supervisory bodies of the Company and committees of the supervisory body

The Board, comprised of both outside (i.e., independent or non-executive) and inside (i.e. executive) directors, acts as the supervisory and control authority of the Company. The Company does not have two separate governing bodies (a supervisory board and a management board) which are obligatory in Polish joint stock companies. The Board of

Directors performs the combined roles of a supervisory board and a management board. The overall supervision of the management of the Company's business is vested in the Board and the President & Chief Executive Officer ('CEO') to whom the Board has delegated the day-to-day management of the Company other than in relation to certain matters specifically reserved to the competence of the Board by the ABCA. The President & CEO is supported by the Executive Officers in the performance of the day-to-day management of the Company. The Articles provide that the number of directors on the Board of Directors shall not be less than 3 and not more than 15.

As at the publication date of this report, the Board of the Company consists of:

Name and surname of the Board member	Position
Helmut Langanger	Chairman of the Board of Directors
Jeffrey Auld	Director and CEO
Evgenij Iorich	Director
Sebastian Kulczyk	Director
Dominik Libicki	Director
Łukasz Rędziniak	Director

The Board of Directors has as its principal role the stewardship of the Company. The Board of Directors is vested with the broadest powers to perform and cause to be performed all acts of disposition and administration in the Company's interests. In exercising his powers and discharging his duties, each director of the Company has the obligation, pursuant to both the By-laws of the Company and the provisions of the ABCA, to: (a) act honestly and in good faith with a view to the best interests of the Company; and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The following matters are the exclusive competence of the Board of Directors and cannot be delegated in any case to one or more members of the Board of Directors and to any person or any entities:

- (a) submit to the Shareholders any question or matter requiring the approval of the Shareholders;
- (b) fill a vacancy among the directors or in the office of auditor;
- (c) appoint additional directors;
- (d) issue securities except in the manner and on the terms authorized by the Board of Directors;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire the Serinus Shares, except in the manner and on the terms authorized by the Board of Directors;
- (g) pay a reasonable commission to any person in consideration of the person's purchasing or agreeing to purchase the Serinus Shares from the Company or from any other person, or procuring or agreeing to procure purchasers for the Serinus Shares;
- (h) approve the Company's management proxy circular;
- (i) approve any financial information to be published by the Company; or
- (j) adopt, amend or repeal the Company's by-laws.

The Board of Directors can delegate part of its powers to one or more directors except for those matters specially reserved to its competence as mentioned above. The Board of Directors has delegated certain powers to the following committees: Audit Committee, Compensation and Corporate Governance Committee ("C&CG Committee"), Reserves Committee. Each committee has formal terms of reference which describe the objectives, duties and responsibilities, as well as the function of the committee.

The Audit Committee assists the Board of Directors in its responsibility for the Company's financial reporting processes and the quality of its financial reporting and internal controls. The Audit Committee is comprised of the following: Helmut Langanger, Evgenij Iorich, and Dominik Libicki.

The C&CG Committee, on behalf of the Board of Directors, has oversight responsibility for the Company's human resources and compensation policies and the effectiveness of the Company's corporate governance system. The C&CG Committee is comprised of the following three directors: Helmut Langanger, Evgenij Iorich, and Łukasz Rędziniak.

The Reserves Committee has oversight responsibility for the Company's reserves and resource evaluation and related disclosure. The Reserves Committee is comprised of the following: Helmut Langanger and Evgenij Iorich.